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The Financial Times, July 11, 1975

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NEWS SUMMARY

GENERAL

Humble Hills arrives home

"I am sorry for causing all this trouble. I was foolish." So saying, President Amin's critic Dennis Hills arived back in London last night with Mr. Callaghan.

He felt very humble at having the help of the Queen, the Foreign Secretary and ordinary British opinion after being accused of treason and sentenced to death for calling Amin a "village tyrant."

He said this description was "unparliamentary" language and he regretted it now and some other phrases. He refused to criticise Uganda. Mr. Callaghan said: "We have brought him home, safe and sound."

O'Connell brings Ulster fear

There were increased fears for Ulster's fragile ceasefire last night as Provo head David O'Connell faced charges in Dublin and a Liverpool shoot-out led to discovery of a big bomb factory.

O'Connell, Provo staff chief, was charged with being an IRA member and remanded for two weeks in the face of a wave of Ulster protest from both Republicans and Loyalists.

In Liverpool, 25 armed police raised a house at dawn and in a gunbattle a sergeant was wounded. They found arms, ammunition and 500lb. of explosives. Back Page

More typhoid

Typhoid was confirmed in two more British holidaymakers from Majorca, bringing the total to five, with two others suspected. The Department of Health reinforced its advice on vaccination for those travelling outside N. Europe, N. America, Australia and New Zealand.

Concorde probe

Noise an dskin cancer risks continue to prompt U.S. opposition to Concorde. Eight Congressmen are asking the House to ban it and there is to be a Congressional probe on whether Mr. Nixon made secret deals to support the aircraft.

Giscard visit

M. Valéry Giscard d'Estaing is to test the Canadian political air with a visit, probably next year, which will be the first by a French President since General de Gaulle went there and upset everyone by shouting: "Vive le Quebec libre."

People, places

Greek air force and naval units were placed on alert after renewed Turkish air space violations. Talks are due in Athens on July 21.

London's Thai military attaché, Lt. Col. Noonpackdee, and his wife, were tied up by armed raiders who stole money and jewellery from their home.

Shop assistant aged 70 died after Liverpool jewellery raiders used sawn-off shotguns.

Workman died and another was injured when a bolt of lightning struck a hut at Lynemouth, Northumbria.

Don't be afraid to "sneak" on neighbours if dog smuggling is suspected, urges a rabies-conscious Glasgow doctor.

Australia were 243—5 at the close on the first day of the first Test at Edgbaston. Page 2.

● INDUSTRY BILL in its present form will do nothing to provide the right framework for improvements in Britain's industrial democracy, Council of British Mechanical Engineering Confederation says. Page 8

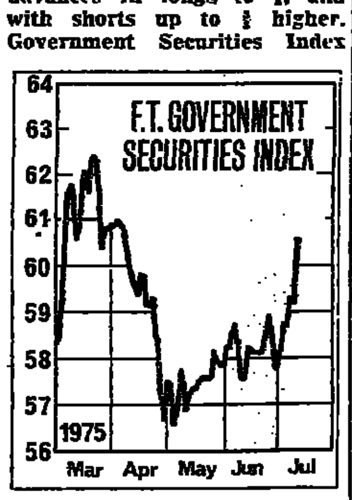
● HOUSE OF FRASER has agreed terms to buy the Chiesman Group of department stores from Argyle Securities. Page 23

BUSINESS

Equities off 3.2: Gilts advance

● EQUITIES were uncertain in front of to-day's anti-inflation White Paper. FT 30-share index closed off 3.2 at 324.4. Trading expanded slightly, with official markings at 5,865. Gold Mines Index was 8.7 lower at 372.1.

● GILTS moved ahead, with advances in longs to ¼, and with shorts up to ⅛ higher. Government Securities Index



was up 0.53 at 60.52, only 1.82 off the year's peak of 62.34 on March 20.

● GOLD was down $2 at $164.

● STERLING was down 55 points at $2.2000. Weighted depreciation was 27.1 per cent. (27.3). Dollar's was 5.06 (5.32).

● WALL STREET was up 0.08 at 871.95.

● EUROPEAN joint floating currency countries are to hold further talks with Switzerland to discuss whether the Swiss franc should be included in the "snake." Page 6.

U.S. grain sale prospects rise

● WHEAT futures closed slightly higher in Chicago, reflecting continued expectation of big new purchases by Russia, and the view that this year's U.S. crop will be big enough to accommodate them. Back Page

● U.S. may be heading for widespread petrol shortages similar to the scarcity which led to unofficial rationing in 1973. Page 5

● AMERICAN MOTORS has agreed in principle to buy lightweight four-cylinder engines from Volkswagen and plans to produce them eventually in the U.S. Back Page

● AEROSPACE industry exports reached a new peak in May of more than £72m., bringing total shipments for the first five months to a record £316.5m. Page 4

● INDEPENDENT television staff have agreed pay rises worth up to £22.50 a week while their BBC colleagues have been told they must wait for to-day's White Paper before they can negotiate. Page 9

● BRITISH LEYLAND 8,000 staff at 12 Austin Morris plants in Wales and the Midlands settled for flat-rate £6-a-week increases, raising wages by between 9.1 and 23 per cent. Page 9

● NORTON VILLIERS Triumph may still bring in a three-day week for 2,500 workers at its Small Heath and Wolverhampton plants next month. Page 8

COMPANIES

● VANTONA Board split has developed over £5m. takeover bid by Spirella Group, which if successful, would create a group ranking as Britain's third biggest household-textile makers. Back Page

● IMPERIAL GROUP taxable earnings were £52.5m. (£45.1m.) for the half-year to April 30. Page 21 and Lex

● SKF, the Swedish engineering company, has won control of Sheffield Twist Drill and Steel and now has more than 54 per cent. of the company's equity, it announced. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES

Transport 12½% 1995 'A'	£91⅜	+ ⅞
Funding 6½% 1985-7	£70½	+ ⅞
Airfix N.V.	54	+ 5
Alexanders Discount	210	+ 10
Argyle Secs.	47	+ 3
Coral (J)	103	+ 6
Daily Mail 'A'	165	+ 7
Denbyware	100	+ 7
Finlay (James)	136	+ 4
Harland & Wolff	8	+ 2
Lon. Aust. & General	38	+ 7
Phoenix Assurance	206	+ 10
Record Ridgway	38	+ 4½
Ocean Resources	26	+ 3
New Wits.	300	+ 30
Pancontinental	480	+ 35
Pot. Platinums	233	+ 7

FALLS

Anderson Strathclyde	113	− 5
Brockhouse (J)	137	− 6
Courtaulds	123	− 4
De la Rue	175	− 9
Dumbee-Combex-Marx	99	− 4
ERF	30	− 3
Grattan Warehouses	74	− 4
GKN	231	− 4
Hambros	193	− 5
Intl. Timber	82	− 4
Johnson Matthey	283	− 5
Lonrho	125	− 8
Lyons (J) 'A'	143	− 7
Nat. Carbonising	48	− 5
Rank Org. 'A'	150	− 7
Reed Intl.	220	− 8
Samuel Prop.	20	− 4
Loraine	300	− 25
SA Land	520	− 40
Western Deep	£20	− 1

'Grave doubts' by Left after marathon talks

Cabinet agrees to reserve pay powers

BY JOHN BOURNE, Lobby Editor

The Cabinet's marathon five-hour meeting yesterday on anti-inflationary measures—to be announced by the Prime Minister in the Commons at 11 a.m. to-day—is understood to have been one of the most heated for many years.

In fact, the arguments went on so long about whether to have statutory powers over wage settlements that another special Cabinet met for 30 minutes last night to conclude the agenda.

Eventually it was agreed that statutory powers to restrain employers from giving wage or salary rises above £6 a week as from August 1 should be introduced as a fall-back if the TUC's voluntary agreement to this figure is not followed by the mass of individual unions or groups of workers.

A Bill is to be published as soon as possible—probably next week—with the aim of having it on the statute book by August.

Some Left-wing Ministers, led by Mr. Anthony Wedgwood Benn, the Energy Secretary, expressed grave doubts about the policy. But Mr. Wedgwood Benn has for the moment let it be known that he has no intention of resigning from the Government.

However, he is worried about the policies in the Government's White Paper, to be published at 11.30 to-day, because he believes they are bound to fail.

Some political friends of Mr. Wedgwood Benn maintain that Mr. Michael Foot, the Employment Secretary, would destroy himself by supporting the Chancellor's package. But they also claimed that Mr. Wedgwood Benn's refusal to resign at the moment was because he regarded the economic situation as extremely serious and although very unhappy about to-day's measures, he thought he ought to do his best not to break the Cabinet solidarity at this stage.

According to the same sources, Mr. Wedgwood Benn believes that now for the first time a Labour Government is imposing pay cuts by law, that public expenditure reductions and higher unemployment are also in the wind—all points that ran completely counter to Labour's election manifesto pledges.

But the view of the Prime Minister, the Chancellor and other senior economic Ministers was that the overriding manifesto pledge was to reduce inflation.

Should Mr. Wedgwood Benn resign later, his sentiments will stand him in good stead with the Tribune Group of Labour MPs, and make him a natural candidate for leader of the Left, rather than Mr. Foot. The latter's public support for the Government's package will be made clear at noon to-day when he joins the Prime Minister, the Chancellor and Mrs. Shirley Williams, the Prices and Consumer Protection Secretary, at a Press conference to answer questions about the 6,000-word White Paper.

This alone, plus the reports of what occurred at yesterday's Cabinet, could wreck Mr. Foot's chances with the Left.

Mr. Jack Jones of the Transport Workers yesterday issued a statement aimed at maintaining the unity of the Labour Party.

With junior Ministers as much as those in the Cabinet in mind, Mr. Jones announced that his union's general purposes committee had decided to "urge all Ministers who share the views of the TUC to remain at their posts with a view to ensuring a united Labour movement during this difficult period."

The committee endorsed the TUC's pay policy and pledged its support for the Government even though it considered that "any development of reserve powers legislation would be against our strong advice."

Next week's Bill, besides providing compulsory powers over employers (but not trade unionists) will also relieve employers of any existing contractural obligations to pay workers rises of more than £6 a week in the coming year.

Percentage pay rises urged, Page 8
Editorial Comment, Page 18
Feature on public spending, Page 18
Politics to-day, Page 19

But the main crunch at yesterday's Cabinet was over the question of compulsory powers—whether they were to be immediate or only to be held in reserve—and their inevitable interference with free collective bargaining.

The Chancellor is also believed to have shocked many of his colleagues by proposing that all Cabinet Ministers should take a £2,000 cut in their £13,000-a-year salaries (£20,000 for the Prime Minister) to set an example to the nation. This was greeted, it is said, by a gloomy silence; but no final collective decision was taken yesterday morning.

Cabinet Ministers will not benefit from whatever increase the Government recommends for MPs' salaries, following the so-far unpublished Boyle Report. A statement on the Government's recommendation and the publication of the report are expected early next week.

If they come in time, they will be discussed by the Parliamentary Labour Party on Wednesday.

Mr. Wilson will make to-day's "counter-inflation" statement instead of the Chancellor, because, it is said, of the need to emphasise the extreme importance of the statement and because the statement will go beyond the field of the Chancellor's normal departmental responsibilities.

The White Paper will be debated in the Commons for at least two days, starting on Monday week, and some Ministers are considering combining the debate with a second reading of the counter-inflation Bill.

But even if this happened, Parliament is now virtually certain to have to sit into the first week of August.

The Government originally wanted to-day's statement to be broadcast on radio, but dropped the idea when told the necessary equipment could not be installed in time.

The "shadow" Cabinet will meet after to-day's statement to decide the broad lines of its strategy. Conservative leaders are unwilling to commit themselves before publication of the White Paper but from the expected shape of the package the

Continued on Back Page

New crisis in Portugal over army's 'direct democracy' plan

BY JANE BERGEROL LISBON, July 10.

STRONG ADVERSE reaction from Socialists and Popular Democrats to the armed forces' plan for "direct democracy" to-night threatened to plunge Portugal into its most acute political crisis since the revolution.

Meanwhile, the Communist Party, through its Communist-controlled trades union confederation Intersyndical, called a massed demonstration in support of the Armed Forces Movement and the new political plan.

It marched to the Belem presidential palace, accompanied by extreme Leftists who judged that solidarity with the working classes and the Communist workers was more important at this crucial stage than criticism of the MFA's scheme.

Divisions within the Armed Forces Movement are "so great that there is a permanent crisis which can only be resolved by rupture" one extreme Leftist commented to-night. This afternoon, uproar broke out in the Constituent Assembly as Socialists and Popular Democrats, together with the Centre Democratic Social Party spoke out against military dictatorship and criticised the political plan as running directly counter to the Declaration of Human Rights, and playing into the hands of totalitarianism.

While a Popular Democratic Party communique in this morning's papers condemned elections to the projected People's Assemblies as anti-democratic, since they would be by show of hands and at fourth and fifth remove from the people, since EAP level elects its successor, the Socialist Party this afternoon condemned the scheme as the start of military dictatorship.

The Socialist Party spokesman, a deputy in the assembly, Mr. Mario Sottomayor Cardia, ticked off one by one the points contested by his party. They are:

● The scheme will lead to a divorce between the people and the MFA, since the people are increasingly uneasy faced with the power of the military in the country.

A bid for perpetual power, Page 6

● The only democratically elected institution in Portugal to-day is the Constituent Assembly, and it is this assembly which should be writing the constitution, not the MFA general assembly.

● The Constituent Assembly is already restricted by the constitutional pact but the new MFA document "collides head on" with the pact.

● The President of the Republic gets no mention in the new document, which says the Supreme Revolutionary Council is the supreme organ of the state.

● Nothing is said of the provisional period of Government.

● The assemblies are to be elected by show of hands and at fourth and fifth degree, neither of which are democratic.

● The document demonstrates an openly paternalist policy by The Armed Forces Movement in the name of a "so-called revolutionary vanguard, of which history has recorded the results."

● The People's Tribunals are to judge "non-criminal cases." So what cases are left "unless they might be political crimes?"

The Socialist deputy, drawing a parallel with the 1917 revolution in the Soviet Union, *accused the Portuguese Communist* Party of being in collusion with certain officers in the Armed Forces Movement and of trying to discredit officers who were not on its side "with the label they are not progressive."

Communist party cells have already begun to call for dissolution of the Constituent Assembly, and this afternoon Communist Party delegates walked out of the assembly hall for a time, though they later returned.

Meanwhile, the Supreme Revolutionary Council has met almost all night but failed to produce any indication of the content of its labours. Most observers feel the struggle for power within the Armed Forces Movement has now reached an acute stage and that the Supreme Council, where less radical officers now hold a majority, is debating whether it is strong enough inside the movement to force a return to reality and to the "pluralistic path to Socialism" promised by the Armed Forces Movement since April 25.

The alternative is now clear enough: the "people's direct democracy" outlined in the armed forces plan, presumably under the leadership of anti-party officers such as General Otelo Saraiva de Carvalho, Copcon security forces chief, and Admiral Rosa Countinho.

Poor response to BOC issue

BY STEWART FLEMING

THE FIRST poor response to a big rights issue was announced yesterday by BOC International, which revealed that shareholders had taken-up only 43 per cent. of the shares offered to them under the company's £23m. fund raising operation. Institutional investors underwriting the issue have thus been required to purchase 57 per cent. of the shares offered at a cost of about £13m.

The BOC statement said that of the 51.4m. shares offered to members of the company, acceptances were received for only 22.1m., just under 43 per cent. of the total.

The relative failure of the issue from the point of view of investors and underwriters—the company itself gets the full amount of the new capital it required—has been anticipated for some time. It is thought that bankers and stockbrokers engaged in preparing terms for further issues have already adjusted their assessments to take account of BOC's experience.

The BOC share price closed that night at 46½p compared with the 46p a share at which the company invited its shareholders to take up the new shares it offered.

A spokesman for Lazard Brothers BOC's financial advisers (brokers to the issue were W. Greenwell), said yesterday that the bankers had not detected any attempts by underwriters who have been required to take up shares to try to unload quickly stock they have received but do not want. He admitted, however, that, in the absence of a marked recovery in the overall level of the stock market, the BOC share price was unlikely to rise much above its current level for some time because of the issue's poor reception.

Asked why the issue had been so badly received, Lazard's pointed out that following the announcement of the issue on June 12 the stock market generally had fallen, taking BOC's share price with it and making the issue less attractive.

In addition, the terms of the issue left little margin to protect the underwriters against such an adverse movement. The offer price of 46p a share was only 19 per cent. below the closing price of BOC's shares the evening before the announcement of the issue. This narrow discount was criticised by some underwriters when they were first asked to participate in the issue.

When it emerged yesterday that the majority of shareholders had decided not to take up their rights, the company examined whether to try to place the shares rather than to ask underwriters to meet their obligations. This option proved impracticable, in view of the size of the issue, and narrow margin between the issue price and the stock market price for BOC's shares.

Lex, Back Page

£ in New York

—	July 10	Previous
Spot	$2.2025-2055	$2.2000-2010
1 month	0.43-0.44 dis	0.62-0.42 dis
3 months	1.43-1.38 dis	1.50-1.40 dis
12 months	5.60-5.55 dis	5.30-5.70 dis

BSC losing £4m. a week, workers told

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE British Steel Corporation said yesterday that it had been losing £4m. a week, and unless stringent economies were made it would lose £375m. in the present financial year.

The Corporation's employees were told the news by Mr. Bob Scholey, its chief executive, who said that the situation was becoming "increasingly grave."

The only other way to improve the position — a general increase in prices — was ruled out "because of the current market in which too many steel plants in world are chasing too few orders."

An indication of the state of demand in the U.K. is given to-day with the publication of statistics for the steel industry as a whole showing weekly production was 28.5 per cent. down last month compared with June last year.

So severe has been the slump in demand for steel that during the first six months of 1975 weekly output averaged 427,600 tonnes, 1.7 per cent. down on the January-June performance last year when the industry was hit by a succession of major problems. These were the effects of the miners' dispute, followed by the coal and scrap supply difficulties.

There is very little likelihood that demand will pick up to any extent before the BSC's financial year ends in March. Import contracts have still to run out and merchants still have large stocks to eat up.

So the corporation has to make economies. "There will be no Government handouts," says Mr. Scholey.

It hopes to return to the black via a Corporation cost reduction programme which should save £200m. Of this, £100m. would come from the six-point plan agreed with the TUC steel industry consultative committee in May, aimed at cutting employment costs.

Among the changes already being introduced are cuts in overtime working and men on night shifts being switched to day working, cutting out premium payments.

The unions agreed to the steps as an alternative to heavy redundancies.

The corporation also estimates it can save £90m. this year by making economies in buying raw materials. Measures which might be taken include stockpiling agreements with the National Coal Board which would involve coal being delivered but not paid for until it was actually used. Savings are also possible because scrap prices are falling.

"Every aspect of the BSC activities is being reviewed and budgets pruned severely," says Mr. Scholey.

The corporation is to unveil this month its results for the financial year 1974-75. They are expected to show a profit before tax well above the previous year's £56m.

As for last month's production figures—weekly output averaged 336,300 tonnes—the only bright spot was that orders from the oil and gas industries remained firm.

FEATURES

ON OTHER PAGES

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LOMBARD

We don't need an austerity orgy

BY C. GORDON TETHER

WE HAVE long stood in need of clear-cut intelligent action to bring the wages-prices spiral under control. And, coming at this late hour, it obviously cannot be put into effect without generating a good deal of stress and strain. But there can be no justification for the fashionable practice of talking as though our economic circumstances are such that no rehabilitation plan will get anywhere near meeting the need unless it provides for an austerity orgy featuring a sharp all-round cut in living standards.

Indeed, if the Government is encouraged to base its plans on this kind of reasoning, it may well find that all it has done in the end is to replace one form of economic crisis with another.

It has to be recognised that, when a cost-push inflation is allowed to rampage to the extent that the British one has been, the effect is to create such distortion, confusion and general malfunctioning that the phenomenon can no longer be isolated and treated on that basis. At the same time, it is important not to overlook what the real nature of the basic trouble is. In particular, where cost-push inflation is not accompanied by demand-pull, the temptation to reach out for the correctives normally employed to deal with an over-heating problem and start wielding them with great vigour must be resisted. For a failure to do so means inflicting economic punishment on the country of a quite unnecessarily severe and harmful kind.

Disorienting

To judge by all the talk about the need to slow the wages-prices spiral "no matter how hard it hurts," there would seem to be a real danger of Britain falling into this trap. Anyone can see that we are in serious trouble on cost-push inflation account. But there is no evidence that we have a money-goods gap problem on our hands, notwithstanding the pace of the growth in incomes.

For some time now, economic activity has been slowing down in a general way. And the latest retail sales figures clearly demonstrate that, even in this sector, the traffic is no greater than it was a year or two back—a clear indication that people's living standards have stopped rising even though the growth of earnings has been keeping ahead of the rise in prices.

Possible explanations for this phenomenon are not hard to discern. The breath-taking character of the rise in prices has clearly had a disorienting effect on all sections of the population—with the result that even those whose incomes have increased in real terms have not been spending the whole of the increment. Many other people have, of course, lost out in the incomes sense. And all have been experiencing a destruction of savings so massive—at a rate of £6bn. per annum for National Savings and building society investments alone—that it is bound to have a sobering effect on spending behaviour.

Whatever the reasons, however, the fact remains that the available statistical evidence does not indicate that wages-inflation is causing the economy to become so over-extended that it will make sense to embark on a great austerity campaign as a means of getting the system back on an even keel.

Payments gap

Great efforts have, of course, been made to portray the balance-of-payments deficit as proof that the country is indulging in over-spending. Such reasoning constitutes a gross over-simplification of the significance of the payments gap.

The present deficit is to a large extent a product of the deterioration in the U.K.'s terms of trade produced by the excessive fall in the value of the £ during the past year or two. Which is another way of saying that if the £ had not been left so vulnerable by the Government's failure to get a grip on wage inflation and by the country's involvement in the international hot-money business, the payments figures would probably now be showing us near to earning our keep.

Far and away the most sensible and effective way of tackling the "spending beyond our means" denoted by the payments gap would be to restrict imports of items that can be easily supplied from the spare capacity we have at home. This would not add to inflationary pressures in the demand-pull sense yet would greatly help on the wages-prices front by firming up the £ and thereby precipitating a fall in import prices.

In short, neither the domestic economic situation nor the external one is such that a drive to cut living standards is imperative or desirable. Rather should the Government's efforts be directed at getting the wages inflation problem under control without it. For, superimposed on the present recession, it would be destined to create a new set of problems that we could well do without.

CRICKET — BY TREVOR BAILEY

Rick McCosker of Australia shows respect as he plays a ball from John Snow at Edgbaston yesterday.

Tight bowling by England

ON THE first slightly shortened day of the opening Test at Edgbaston, Australia, after being put in to bat, struggled to reach 245-5. With the weather unsettled this could represent a sizeable base and one which the tourists should be satisfied with, providing their last five wickets can add another 100 runs.

Mike Denness won the toss and somewhat oddly invited Australia to bat on what certainly looked a very good pitch. It is true the weather was overcast, but with rain during the match a distinct probability his decision came as something of a surprise.

Possibly it could be described as a defensive move, in that he was more worried by what the Australian attack might achieve than on how his own bowlers would exploit the early conditions.

Arnold and Snow opened against McCosker and the left-handed Turner, who was playing in his maiden test. In his first over Snow twice beat the bat, and an involuntary snick reached the boundary. This resulted in one of the close fielders immediately being moved to third man, which suggested there was not as much venom in the pitch or the atmosphere as had been hoped.

After an hour the Australian openers had reached 47 without undue difficulty against some keen bowling. Old eventually took over from Arnold, who went to the other end and gained the benefit of a strong wind at his back. Although the Yorkshire pace bowler occasionally worried Turner outside his off stump, he was unable to make the essential break through.

Later Greig had several overs and when at 118 Underwood came on, it could be truthfully said that the decision to put the Australians in had badly misfired. When lunch was taken, the Australian pair, generally regarded as the weakest part of their serious batting, were 77 without loss.

Almost immediately after the resumption England secured the wicket they had really wanted at least two hours before. Turner miscued a short ball from Snow, but this was not the signal for a collapse. Ian Chappell settled in, the hundred came up, McCosker reached his 50 and the runs began to flow, if not at a canter, at least at a brisk trot.

The English seamers persevered without creating many false strokes or alarms until Arnold clean bowled McCosker through the gate for 57.

This brought the two Chappells together but not for long as G. Chappell was lbw hitting across a full toss—135 for three, a fitting reward for several hostile overs from Old, who was still toiling into a stiff breeze.

Old and Arnold, scenting further successes bowled a number of very tight overs which made the batsmen fight for every run. Nevertheless, Ian Chappell managed to complete his 50 with a square cut while Edwards held on grimly.

A fine over from Snow accounted for the Australian captain who was caught at slip off a ball which just about held its own after the two previous ones had dipped back sharply. There was just time for Walters to arrive and scramble a single before rain came down and play was suspended at 4.30 p.m. with Australia at 164 for four.

In the final session the Australians continued to find runs difficult to acquire on a pitch which had been freshened, but not made especially difficult by the short shower. Walters edged a Greig out-swinger which was well caught by Old, while at the other end Snow worried everybody with his movement during a sustained accurate spell. However, the Tourists managed to pass 200 for the loss of only five wickets, thanks to the ever-watchful Edwards and a Marsh, who produced the occasional lusty blow, including a pulled six.

Gradually this valuable stand grew in stature, but it should have been ended at 237 when Marsh was put down by Fletcher off the unlucky Old, though he may well have been unsighted by the wicket keeper. At 6.15 the umpires decided to come off for bad light and there was no further play because the rain started to fall heavily, leaving Australia 243-5 off 86 overs with the new ball available first thing tomorrow morning. England will need some quick wickets on the morrow or they could be in serious trouble.

GOLF: THE OPEN CHAMPIONSHIP — BY BEN WRIGHT

A disappointing finish by Oosterhuis

CARNOUSTIE, July 10.

PETER OOSTERHUIS's penchant for blocking the ball sideways to the right cost him the chance to spreadeagle the field in the second round of the 104th Open Championship here on a day when conditions were absolutely perfect for scoring.

In fact, leader Oosterhuis, 68 yesterday—a figure that equalled the previous score here set by Ben Hogan in 1953 and Billy Casper in 1968—was eclipsed time after time by players recording 67—five of them; and Bobby Cole, the pencil-slim South African who won the British amateur championship here in 1966, finally set a new record of 66 to join Oosterhuis, who scored 70 to-day in a quartet on 138, six under par, which also included the brilliant young American Tom Watson (71, 67), and another emergent South African Andries Oosthuizen (69, 69).

Surprise packet

But the surpise packet of the tournament so far has been the North Berwick professional, 31-year-old David Huish (69, 67)—136.

The Scotsman is a complete enigma. Many professionals who have been happier at their clubs have figured in major championships, but very few of them have prevailed in recent years. Huish like the home life and is not ashamed of it, but the extraordinary thing about his golf is that he can pick it up and put it down with great facility—something that even Jack Nicklaus finds impossible.

So all is not lost for the British cause to-night, since another Scotsman Bernard Gallacher (72, 67), is handily placed at 139 alongside the Australian Graham Marsh (72, 67) and the Americans Hale Irwin (69, 70) and John Mahaffey (71, 68). The latter tragically dropped two strokes when he tangled with the burn at the final hole but must be involved in the shake-up on Saturday evening, so accurate has been his golf both here and in Chicago, where he was runner-up in the U.S. Open three weeks ago.

At 140 lurk perhaps the two greatest names in current world class, Jack Nicklaus and Johnny Miller, alongside Australian Jack Newton, while Neil Coles is keeping his end up at 141 alongside Australia's Bob Shearer. The only other players below par at present are Tommy Horton, 1969 U.S. PGA champion Ray Floyd, and Welshman David Vaughan at one under par 143.

Oosterhuis began with such startling brilliance that by the 11th hole he had picked up six strokes from par to be ten under and apparently outdistancing his rivals. His golf on the outward half was quite remarkable whether the rain hammered down, the sun shone wanly, or an occasional breeze disturbed the flags atop the pins.

A fine 4 iron shot to the second green six feet from the hole earned Oosterhuis his first of five birdies in an outward half of 31. He hit a sand wedge from the third fairway within a yard of the hole for the second. The birdie got away at the fourth hole when Oosterhuis missed from four feet, but he made no mistake at the next from nine feet and chipped six inches from the hole for another birdie at the long sixth.

When he holed out from 25 feet for the fifth birdie at the seventh hole the noise could be heard miles away. Oosterhuis guarded his position at the short eighth hole with a marvellous chip from thick rough behind the green, and he holed a second putt of six feet on the 10th green to protect his par there. When he devoured the 11th hole with a two iron shot, an eight iron shot into the green and a ten foot putt for a birdie he was four strokes ahead of his nearest rival, and appeared certain to leave everyone fumbling in his wake.

Alas, it all went wrong from then on. Oosterhuis took three puts from the fringe of the 12th green, the par five. He hit a four iron shot straight right of the 13th green and dropped his first stroke of the round to par.

At the second homeward par five, the 14th, he blocked another drive—just as he did in the closing stages yesterday—another birdie opportunity had been squandered.

Oosterhuis hit his drive yet again far to the right at the 15th, and pushed a one iron shot from a good lie in the rough into a bunker to drop a stroke, the first of three in succession. He pushed his tee shot, again with a one iron at the short 16th, and blocked his second shot with his four iron at the 17th to complete the catalogue of woe.

Imperturbable

Just in front of him, Huish was imperturbable despite taking three putts to drop a stroke on the first hole, and this occasional tournament player demonstrated his courage with four birdies in the next five holes.

Three more putts cost him another stroke on the ninth green and he was out in 34. But his golf was of high quality in the run-in which he covered in 33 shots, thanks to birdies at the 12th, 14th and 16th holes where a few minutes later Oosterhuis was to throw it all away.

RACING — BY DOMINIC WIGAN

Rampion should be a safe bet

JEREMY TREE, the Beckhampton trainer, who is enjoying his best season for some years, usually does well with those runners he sends up to York, and his two-year-old *Rampion* may be the safest bet there to-day.

Miss Monica Sherriffe's Pall Mall colt is ridden by Lester Piggott—whose favourite course this is—in the St. Saviourgate Stakes.

Rampion, a 5,000 guineas yearling purchase, has made only one previous appearance. He was 20—1 in a field of 18 for the competitive five furlongs Blue Charm Plate at Windsor eight weeks ago and, looking a good deal more backward than most of his opponents, made rapid length headway to take fourth place behind African Winner, Hay Ride and Tengarios.

He is sure to have come on a good deal and will be ideally suited by this stiff track. Provided that Piggott can get him away quickly, I cannot see the combination being beaten.

Another likely winner for Piggott and Tree is the consistent *Genesis* in the Monkgate Stakes.

A game winner from that smart filly Dazzling Light in a 28-runner maiden event on the Rowley Mile course in April, Genesis subsequently did well to finish a close third behind Sunny Nest and Dun Habit, to both of whom she was giving weight, in Sandown's Chequers Stakes on May 27. She appears to have less to do here and can regain winning form by outpacing *Nagin*.

Noel Murless, whose lightly raced filly Sauceboat fought on gamely to hold off the odds-on Roussalka on the July course yesterday, turns his attentions to Lingfield this afternoon. The Warren Place trainer, whose horses have been slowly coming to form in recent weeks, saddles three on the picturesque Surrey course—Proper True, *Staredo* and *Airlock*.

Proper True, an unraced two-year-old filly by Right Tack out of the successful Worden II mare Wildsteps, may find the more experienced Broken Date too good in the opener, the Birch Mead Plate, but I expect the other pair to oblige.

At Chester's evening meeting, where I confidently expect *Anemos* to complete a treble in the Cardinal Puff Stakes, it could pay backers to side with *Godzilla* against Murrmatch in the Red Deer Handicap.

YORK
2.00—Rampion***
2.35—Kung Fu
3.10—Scattered Scalet
3.40—Last Tango
4.10—Gloss
4.40—Genesis

LINGFIELD
2.15—Broken Date
2.45—Staredo**
3.15—Traquair
3.45—Corraggio
4.15—Astraline
4.45—Airlock

CHESTER
6.55—Acquire
7.50—Anemos
8.20—Godzilla*

SALEROOM — BY ANTONY THORNCROFT

Christie's sells a railway

AN ENTIRE light railway, consisting of 1½ miles of track, four locomotives, a 12-passenger coach, and four trucks, was sold for £7,690 by Christie's yesterday at a successful sale of veteran, vintage and horse-drawn vehicles, plus steam engines, held in association with Lord Montagu at Beaulieu, Hants.

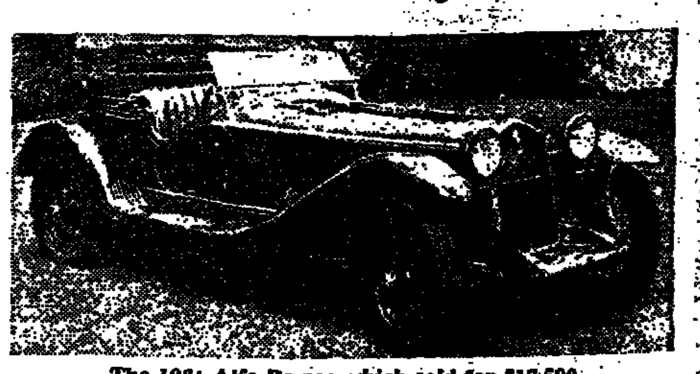
The 10¼-inch gauge railway was the Shillingstone Light Railway from the Dorset farm of the late Sir Thomas Salt, a railway enthusiast who used it to transport pigs, foodstuffs, and manure. Most of the items were acquired by Mrs. Webb of Penzance, who plans to establish a miniature railway, open to the public.

The highest price in a sale which totalled £245,105, was the £17,500 paid by an English buyer for a 1931 Alfa Romeo sports two seater. The estimate was £11,300-£13,000. An 8-litre Bentley of 1931, rebodied in 1971-72, was bought for £17,250, just about as forecast, and a 1930 Bentley was also on target at £15,000. A 1909 White 15 h.p. two-seater fetched £8,000, and a 1934 Rolls-Royce £7,000.

Two other interesting items were a 1914 Ford 20 hp model tourer, presented by the makers to the late Sir Harry Lauder, which sold for £3,000. It had been bought, in pieces, for £1 a decade ago. An 1884 Centaur safety bicycle fetched a modest £100.

In its London saleroom Christie's sold oriental miniatures and manuscripts for £64,291. A mid-17th century Mughal leaf from a Royal manuscript of the Shahjehan Nameh, showing a procession in a courtyard, sold for £13,500, double its estimate, to the Art Institute of Chicago. A scrapbook containing 41 scenes of costumes, personalities and occupations in a 19th century Qajar floral lacquer binding, was bought for £6,000 by an Iranian buyer, one among many Middle East bidders.

In a Continental furniture sale a pair of maple wood bureau cabinets, made in Dresden around 1730, were bought by a private German buyer for £7,350, while at Christie's in South Kensington one of the highest prices recorded in this new saleroom was the £7,000 which acquired a pair of Sèvres Ormolu mounted vases, with covers, 55½ inches high, showing scenes from Napoleonic campaigns and made at the time.



The 1931 Alfa Romeo which sold for £17,500

A pair of North German oak figures of the Virgin and St. John, made around 1220 and part of a Crucifixion group, were bought for £36,000 at Sotheby's yesterday by a Belgian collector. The figures, 64 inches high and painted in blue and red, came from the estate of the late Baron Decamps. It is rare to get such early and fine ecclesiastical works, the bidding was keen, and the estimate of £8,000-£12,000 comfortably exceeded.

Demand was strong throughout the sale of Medieval and Renaissance works of art, which totalled £147,735. A previously unrecorded rock crystal plaque of the 16th century by Giovanni dei Bernardi, showing Christ driving the money changers from the Temple, was bought for £16,000, and a Gothic French ivory comb of the late 15th century sold to H. Beer for £7,800. A Flemish carved boxwood diptych rosary bead of about 1500 went for £5,600, and a German carved walnut relief of the Coronation of the Virgin, early 16th century, for £4,300.

'IN TOWN' BACK FOR ONE NIGHT

BBC Radio 2 is to revive "In Town To-night," a programme first broadcast in 1933 and discontinued 16 years ago, for one performance on July 26 to mark its move on that day from Aeolian Hall in New Bond Street, West London.

The programme established the phrase "Stop the mighty roar of London's traffic" and its signature tune, The Knightsbridge March, in public affection.

HIGH SCORE FOR CRICKET CALLS

Londoners made nearly 500,000 calls to the Post Office cricket-by-telephone service during the June 18 semi-final of the Prudential Cup competition. The previous record for any single day was 450,000 during a 1972 Test. Well over 1m. calls have already been made since June 4.

SPACE LINK ON ITV NEXT WEEK

Independent Television News will present "live" coverage of the link-up in space between the American Apollo space capsule and the Russian Soyuz craft from 4.50 to 5.20 p.m. next Thursday.

ITN's science editor will explain the link-up in space including Apollo closing up with Soyuz, and at 8 p.m. the same evening an ITN 45-minute special will cover the opening of the hatches and the American and Russian crews shaking hands.

WATTS PAINTING FOR GALLERY

The painting by G. F. Watts of Ellen Terry, "Choosing," which was accepted by the Treasury for estate duty will go to the National Portrait Gallery.

TV/Radio

† Indicates programme in black and white.

BBC 1

10.55 a.m. Golf and Cricket: Open Championship from Carnoustie commentary, and First Test: England v. Australia from Edgbaston. 1.30 p.m. Along the River. 1.45 News. 2.00 Golf and Cricket. 4.23 Regional News (except London). 4.25 Play School. 4.50 Devlin. 5.10 We Are the Champions 1975. 5.40 Captain Pugwash.
5.45 News.
6.00 Nationwide.
7.00 Golf: Open Championship.
7.10 The Wonderful World of Disney.
8.00 It's a Celebrity Knock-out.
9.00 News.
†9.25 "The Wrong Man," starring Henry Fonda.
11.05 The Dimbleby Talk-in.
11.40 Weather/Regional News.
11.42 Roy Sings Orbison.

All Regions as BBC 1 except at the following times:—

Wales—6.00-7.00 p.m. Wales To-day. 7.10-7.30 Heddiw. 7.30-8.00 Llangollen 1975. 11.05-11.40 Week In Week Out.

Scotland—10.00-10.10 a.m. Wacky Races. †10.10-10.35 Robinson Crusoe (film series). 10.35-10.55 Josie and the Pussycats in Outer Space. 6.00-7.00 p.m. Reporting Scotland. †11.41-11.42 Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-7.00 Scene Around Six. †12.12 a.m. Northern Ireland News Headlines.

England—6.00-7.00 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

11.00 p.m. Play School.
2.05 p.m. Golf and Cricket: The Open Championship, and 4.35 First Test: England v. Australia.
7.30 Newsday.
7.45 Family Fare.
8.10 Ireland.
9.00 Ten from the Twenties.
9.55 Cricket: Test Match highlights.
10.25 Golf: Open Championship, highlights.
11.10 News Extra.
11.29 Closedown: Julian Glover reads "Hamnovoe Market" by George MacKay Brown.

LONDON

†10.05 a.m. Bertrand Russell Speaks His Mind. 10.15 Wild Life Theatre. †10.40 "Hide And Seek," starring Ian Carmichael. 12.05 p.m. Yoga for Health. 12.30 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 Paint Along with Nancy. 2.00 Good Afternoon Money-Go-Round. 2.25 Racing from York. 4.20 Follyfoot. 4.50 Magpie. 5.20 University Challenge.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Romany Jones.
8.00 Herb Alpert and the TJB
9.00 The Main Chance.
10.00 News.
10.30 Police Five.
10.40 The Friday Film: "Crescendo," starring Stefanie Powers.
12.20 a.m. Seven Ages of Man.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 8.00 Police Story. 10.30 Probe. 11.00 Kung Fu. 11.55 Men Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.20 Follyfoot. 5.20 The Flintstones. 6.00 ATV Today. 7.30 Hawaii Five-O. 8.30 Romany Jones. 10.30 Appointment with Fear: "Brides of Dracula," starring Peter Cushing.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 5.20 The New Adventures of Superman. 6.00 Border News and Lookaround. 7.30 The Six Million Dollar Man. 8.30 Romany Jones. 10.30 Border Forum. 11.00 Late Night Film: "The Gorgon," starring Peter Cushing and Christopher Lee. †12.30 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Untamed World. 6.00 Report at Six. 7.30 The Streets of San Francisco. 8.30 Romany Jones. 10.30 Friday Late Night Movie: "I Want To Live." 12.40 a.m. News and Weather in French.

GRAMPIAN

12.25 p.m. Grampian News Headlines. 1.20 Lunchtime Call. 5.15 p.m. Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 Grampian Week. 7.00 Wagon Train. 8.30 Romany Jones. 10.30 Points North. 11.15 Men Of The Sea, followed by Road Report. 12.05 a.m. Evening Prayers.

GRANADA

10.30 a.m. Sesame Street. 11.25 Clapperboard. 11.50 The Case of the Missing Mummy. 1.20 p.m. This Is Your Right. 5.15 Cartoon. 5.20 Cross-roads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 7.30 Romany Jones. 8.00 Kung Fu. 10.30 Granada Profile. †11.00 The Friday Film: "Monkey on my Back," starring Cameron Mitchell. 12.45 a.m. Theatre Macabre.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.25 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 Friday Mystery Movie: McCloud. 8.30 Romany Jones. 10.30 Police Surgeon. 11.00 UFO.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Cestyll Cantamil. 6.00-6.18 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Women Only. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scottish News. 6.05 Isabel On Friday. 7.00 Ways And Means. 7.30 Six Million Dollar Man. 8.30 Romany Jones. 10.30 Late Call. 10.40 STV Reporting. 11.05 Journey To The Unknown.

SOUTHERN

11.00 a.m. Yoga for Health. 11.20 A Testing Job. 11.40 Eastern Food in an English Kitchen. 12.05 p.m. Skippy. 1.20 Southern News. 2.00 Women Only. 5.20 Betty Boop. 5.25 Cross-roads. 6.00 Day By Day. (Channels 6, 11, 27, 42, 58 and 60.) 6.00 Scene South East (Channels 10, 43, 64 and 66)). 6.35 Husband of the Year. 7.05 Romany Jones. 7.35 McMillan and Wife. 10.30 A Southern Report. 11.00 Southern News Extra. 11.10 The Collaborators. 12.05 a.m. Untamed World.

TYNE TEES

12.25 p.m. Starting Point. 4.20 Wait Till Your Father Gets Home. 5.20 Follyfoot. 6.00 North East News. 6.05 Division. 8.00 The F.B.I. 10.30 Sportstime. 11.00 The Friday Night Film: "Shadow of the Cat." 12.30 a.m. Late News Headlines. 12.35 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 4.18 Ulster News Headlines. 5.20 The Amazing Chan and the Chan Clan. 6.00 Summer Reports. 7.00 Husband of the Year. 7.30 Kung Fu. 8.30 Romany Jones. †10.30 Friday's Film: "The Man in the Net," starring Alan Ladd.

WESTWARD

11.25 a.m. Yoga for Health. 11.50 Survival. 12.15 p.m. Around the World in 80 Days. 1.20 Westward News Headlines. 5.20 Untamed World. 6.00 Westward Diary and Sports Desk. 7.30 The Streets of San Francisco. 8.30 Romany Jones. 10.32 Westward Late News. †10.35 Friday Late Night Movie: "I Want To Live," starring Susan Hayward. 12.40 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Catch Kandy. 5.20 Follyfoot. 6.00 Calendar. 8.00 The F.B.I. 10.30 Maude. †11.00 The Friday Night Film: "The Comedy Man," starring Kenneth More.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton: also on VHF (S). 5.00 Newsbeat. 5.15 Anne Nightingale's Round Table. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S). 6.15 Pause for Thought. 7.02 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House in Eastbourne (S) including Golf: Open Championship reports at 10.02 and 11.02 and 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton as Radio 1 including on 1500m only (also 200m Scotland) (S) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S). 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just Chackafield conducts the BBC Radio For Fun. 7.30 Sports Desk. 7.32 Frank Orchestra (S). 8.32 Friday Night is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson (S) with Music Through Midnight and 12.00 News. 12.32 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture: Brahms (S). 8.00 News. 8.05 Morning Concert: Schubert, Beethoven (S). 9.00 News. 9.05 This Week's Composer: Nielsen (S). 9.45 Leeds National Musicians' Platform (S). 10.45 Debussy Images: Gigues; Iberia: Rondes de printemps 11.25 Cricket: First Test: England v. Australia commentaries including lunch summary. 1.35 p.m. News. 1.40 Playbill (S). 2.00 Cricket: First Test: 2.00-2.10 Lunchtime Scoreboard. 2.10-4.20, 4.35-6.40 commentary with summaries 6.40 Study On 3. 7.40 "King Roger" (or The Shepherd) opera in three acts. Act 1, music by Karol Szymanowski (S). 8.05 Words . . . (Paul Bailey). 8.10 "King Roger," Act 2 (S). 8.50 Visibility and Isolation. 9.10 "King Roger," Act 3 (S). 9.40 Music Now. 10.25 Schumann and Saint-Saens concert (S). 11.25 News.

RADIO 4 — 434m, 330m, 285m and VHF

‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today, including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk and 7.35 Today's Papers. 7.45-7.50 Thought for the day. 7.55 Weather and programme news. 8.00 News and more of Today. 8.27 Sportsdesk. 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story from Northern Ireland. 11.00 News. 11.05 With great pleasure. 11.50 Through the Badger Gate. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Birmingham (including 2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News, including Friday Special. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report; Market Trends. 11.15 To-day in Parliament. 11.25 Week Ending . . . a review of the week's news. 11.50 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.32 The London Gardener. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home Run including London News Desk at 5.00, 6.00. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 London Country. 10.03-2.00 a.m. Popshop.

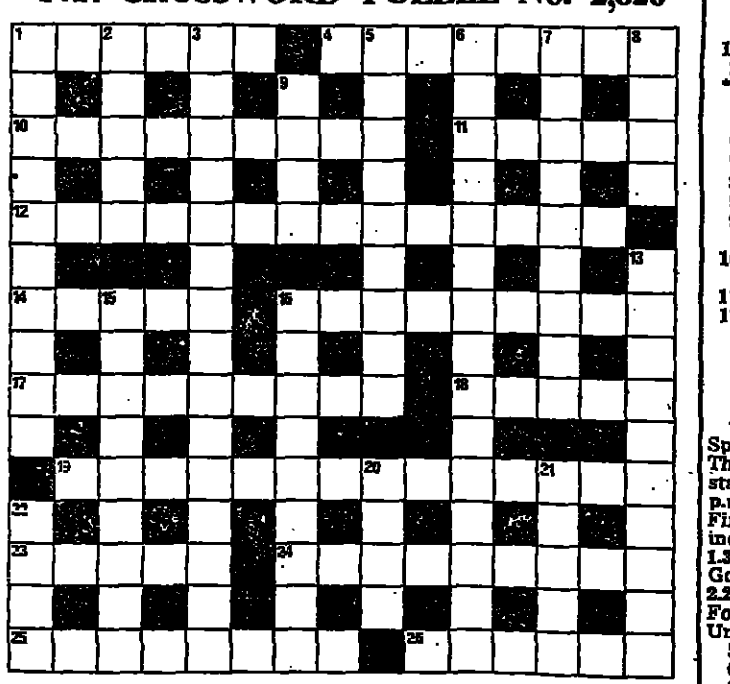
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": London's breakfast-time news show: with interviews, traffic and travel service, plus sport. 10.00 Open Line—London talks to George Gale. 12.00 Newswatch. 4.00 Newsbreak. 7.30 Music in Stereo, devised by Andrew Carnegie. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop" 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It: rock show. 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,826



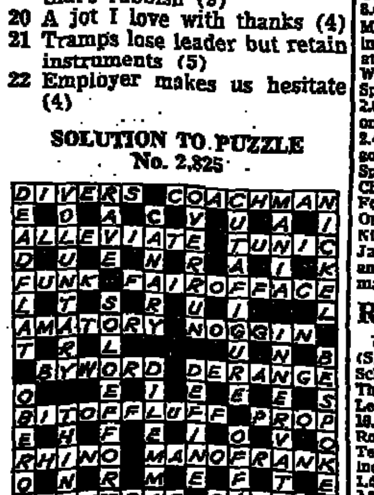
ACROSS

1 False front makes accountant pale outside (6)
4 Disintegrated a small amount in front (8)
10 Nobleman gets one point for prematurity (9)
11 Strives for mastery with long coarse hair (5)
12 Domestic control or autonomy (4, 10)
14 Letter creating a teasing desire (5)
16 The source of nylon and cobwebs . . . (9)
17 . . . by this process of extrusion (9)
18 It could be oriental made a case of dropsy (5)
19 Invert and ransack (4, 6, 4)
23 Long-suffering disciple of Zeno (5)
24 Out and ill at ease (3, 2, 4)
25 Apply gum to eastern ship to produce a pink glow (8)
26 Compensate for a type of printing (6)

DOWN

1 It's not brine in the I.o.W. (10)
2 Billiard stroke made by accountant gets right award (5)
3 Using one's endeavour within one's ability (5, 4, 3, 3)
5 Reserve, self-control and modesty (9)
6 Produce Xmas fare to destroy utterly (4, 9, 2)
7 The mountain in France with bird following a source of fruit (5-4)
8 Throw violently making a splash (4)
9 Fuel used in low-loader vehicles (4)
13 What is accomplished by learning and acquisition (10)
15 Rum lot use mixture for quivering (9)
16 Sings but has a cry inside—that's rubbish (9)
20 A jot I love with thanks (4)
21 Tramps lose leader but retain instruments (5)
22 Employer makes us hesitate (4)

SOLUTION TO PUZZLE No. 2,825



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هكذا من الأصل

Covent Garden

Peter Grimes

by RONALD CRICHTON

With Colin Davis to conduct and a company filled with singers to whom Britten's style has become second nature, the former Covent Garden *Peter Grimes* was a grand musical realisation lamed by the shabby remains of old sets and a production too often re-staged. Now they have made a new one, seen on Wednesday at a special performance in aid of Sadler's Wells Theatre appeal fund, a gesture of fitting acknowledgement to the theatre and company where, 30 years ago, took place the first important step in Britten's root and branch rehabilitation of British opera.

The new *Grimes*, produced by Elijah Moshinsky in designs by Timothy O'Brien and Tazeena Firth, has been achieved, as all the musical world now knows, on a reduced budget. Such things can be done and will no doubt have to be done more often in the future. Their success depends on the suitability of treatment to opera and the ability and willingness of particular designers to work in this way—a way, it might be remembered, perfectly familiar to such different but in their ways equally resourceful theatrical figures as Diaghilev and Wieland Wagner.

The style is suited to *Grimes* and evidently also to Mr. O'Brien and Miss Firth, who have contrived wonders with a box set as severe but accurately calculated as the kind of design one used to expect from the Berliner Ensemble (that is intended as a compliment). Colours are mostly low-keyed, drab and weather-worn as befits a fishing community. The lighting by David Hersey is sympathetic and suggestive. Eleanor Fazan must have her credit too for the snatches of dance winding through two of the scenes and nicely filling up and rounding off Mr. Moshinsky's striking and often original groupings—these last, surely, owing nearly as much as the costumes to old photographs.

A feature that causes some doubt is the forestage projecting some way over the orchestra (was it imagination, or did this take some of the sting out of the woodwind writing?), and employed by the producer not only for the principals but for ensemble work, even at times for the chorus. Often he employs it to good effect, but in the earlier scenes there is a lack of dimension and distance in the musical sound (*Grimes* has somehow to combine a sense of claustrophobia, of a confined community in a narrow space, with the great, windswept East Anglian sky above them). Often the singing becomes too uniformly loud.

Mr. Davis's handling of this score, with the reservation about balance made above, has lost none of its mastery. There were ferocious climaxes and, more important, detail after detail one wanted immediately to hear again. The passacaglia interlude (except for a not entirely happy viola solo) summed up the musical style, as it should. The Peter Grimes of Jon Vickers remains a remarkable assumption, often thrilling, as in "And God have mercy upon me!" in phrase after phrase on the mad scene. There were uncomfortable moments in the first half of "Now the Great Bear and Pleiades," taken in hollow head voice, and still more in the solo in Grimes's hut. But it is the leonine outbursts one will remember with awe.

All the singers are familiar: it is hard to know what to praise first—the team work or individual performances. Heather Harper has felt her way much more completely into the character of Ellen Orford, whose music she has before now sung to admiration. The other ladies were Elizabeth Bainbridge, Teresa Cahill and Anne Pashley (their quartet with Miss Harper went beautifully), and Heather Begg as the awful Mrs. Sedley. Gwynne Howell, Thomas Allen, John Lanigan, Geraint Evans must be content with the briefest mention. Forbes Robinson's Swallow and John Dobson's Methody Boles were especially sharp portraits. John Maguire was a pathetic little mouse of an apprentice. The chorus deserve a paragraph to themselves. A most encouraging evening.

Old Vic

The Misanthrope

by MICHAEL COVENEY

Not having seen John Dexter's production when it opened here over two years ago, I can only assume that time and performances on Broadway have taken their toll. The cast is still led by Alec McCowen as Alceste and Diana Rigg as Célimène. Mr. McCowen builds his performance in a mannered arch which culminates, in the second act, to an invocation of God on high to witness his tortured plight before collapsing at Célimène's feet and attempting to elicit from her at least a pretence of fidelity. At this point Miss Rigg herself begins to act, having thus far drifted through the play with a soft elegance not totally credible in a capricious 20-year-old dedicated to city-slicking.

The general standard of studied acting is no doubt an intentional ploy devised to off-set the twangy brilliance of Tony Harrison's translation. The opening scene is very carefully played by Mr. McCowen, with Robert Eddison a wise and nodding Philinte. But it does not live. When Arsinoé (Gillian Barge) arrives for her bitching session with Célimène, the verse is delivered with insinuating grace by both parties. But the air does not crackle. When the camp followers Acaste and Clitandre (Nicholas Clay and Albert Roffrano) come scrambling on to bicker over their respective merits and standing in Célimène's eyes, one is impressed more by the sub-text of their relationship than with a feeling that they might actually be contesting the lady's favour.

Tanya Moiseiwitsch's glossy set and sumptuously quirky costumes place the action firmly in a cocktail party limbo of 1966. In an introduction to his version of the play, Mr. Harrison explains that a major inspiration for this up-dating was a series of articles in *Le Canard Enchainé*, satirically paralleling the régime of de Gaulle with that of Louis IV. It works very well; Mr. McCowen saves his greatest explosion of rage for an account of the smear campaign launched against him for little more, it seems, than speaking his mind about Oronte's poem. The persecution of an allegedly seditious pamphleteer is a common enough phenomenon in any age or society.

The final scene is beautifully played. Suddenly, both Alceste and Célimène glimpse a chance of achieving a meaningful honesty. Alceste's insistence that Philinte and Eliante (Louie Ramsay) should witness his final, almost self-willed humiliation, is both comic and sordid. There is a manic glint in Mr. McCowen's eyes, a prowling impatience in his movement that releases the exactly appropriate energetic steam to carry him through Célimène's half-hearted proposal and out of the room. Miss Rigg is left, bemused and finally abandoned. Frankness being an admirable *forte* in Alceste, I must imitate his example and state that the supporting cast is colourless and poor.

Festival Hall/Radio 3

Bloch's 'Macbeth'

by MAX LOPPERT

Ernest Bloch's *Macbeth* was not entirely unknown in this country before Wednesday's concert performance. Reports have been received in the years since the war of performances in Rome, Trieste, Brussels, Milan, over French Radio (the tape was subsequently played on Radio 3) and in the composer's native Geneva; in Andrew Porter's *A Musical Season* there is a long, informative account of the 1973 New York production at the Juilliard School of Music. But the presentation by the New Philharmonia and conductor José Serebrier was the first in Britain live of an opera much admired by eager partisans since the first Opéra-Comique performance in November 1910, yet seldom performed; and as the concert revealed to us more than a measure of the work's hard-hitting power, its musical and dramatic richness, gratitude for Denny Dayviss's courage and enterprise must come before any critical qualification.

Of the great Shakespeare tragedies, as Winton Dean put it in his admirable survey of all the Shakespearean operas (in *Shakespeare in Music*), *Macbeth* "is the most amenable to opera, since the story has no sub-plot and is easily grasped on a straightforward human level." Strange, then, that comparatively few attempts at an operatic *Macbeth* are on record (eight in Dean's catalogue); of those, only Verdi's opera has so far earned survival. Bloch, 24 when he began collaborating with the librettist Edmond Fleg in 1904, had a personal vision of the essential issues in the tragedy that was astonishingly mature, astonishingly dramatic in concept and elaboration, and in no way influenced by Verdi. The strength of the opera, discovered in the score and (partly) in Wednesday's performance, is the way the music and the words dig under the skin of psychological motivation, reaching for the dark, knotted veins of desire, guilt and remorse in the principal characters, with an insight both psychologically and dramatically acute. This is not in the tradition of Grand Opera, but a "private" music drama enlarged in scale to powerful operatic expression.

To this end, the score is post-Wagnerian, in the skein of musical (melodic and rhythmic) motifs so subtly drawn and developed and post-*Pelléas*, in the non-lyrical, word-centred means of vocal utterance. Both statements need immediate modification. The sound of the score is not overtly Wagnerian—more ambiguous and flexible in harmonic language; its colour, and the emotional impact of the voice parts, are palpably not Debussyan—more immediate and forceful, less acute in the transmission of every phrase. By such yardsticks, *Macbeth* is felt at times to lack something in variety. The weight of orchestra against voice seems at times unduly hard: the voices rarely clear wholly to the surface; direct communication with the audience falters. With this goes a larger lack of variety in the shades of emotion manifested: at times, notably in the Banquet Scene, one felt, in the complex chromatic idiom, an inability to afford the light against which darkness might more startlingly contrast.

Such an impression might well be eradicated in a sympathetic-sounding theatre. In this concert performance, the singers, none of them French (the work was wisely given in the original, rather than in the later, uneasy part-Shakespeare translation), battled from a platform behind the orchestra to get the words across, and succeeded infrequently. (As no libretto was available, continuous comprehension was unlikely.) Then, the score was much cut. In these straitened times, it may be twice-ungrateful to complain; yet most of the excisions—inter-scene snicks and whole-scene amputations — were peculiarly hurtful to a work planned with remarkable care (the libretto compresses and concentrates the action with considerable skill). It was damaging to give us Macbeth's prophecy from the witches, but not Banquo's; it was unfortunate to lose a chunk from the "We will proceed no further in this business" duet; and whatever the justification for the wholesale removal of Lady Macduff and her murder—the composer apparently sanctioned such a cut for the 1938 Naples production—the loss of the most significant passage of temporary relief from black tensions was cruel.

With, again, praise to all concerned for the preparation of so demanding a "once-only" task, the cast was variable (and its entrances and exits were distracting). Helga Dernesch is, in voice, presently so round, warm and lovely, that the portrayal of Lady Macbeth gained the wrong kind of sympathy, and missed a hard, incisive penetration of the kind a less richly endowed French soprano might offer. As Macbeth, Ryan Edwards, the American baritone, delivered several ringing high notes, and not much else in the way of characterisation. Their words were unclear, in different ways.

A strong trio of witches (Mesdames Tippett, Leahmann, Payne); notable command and sturdy dignity from Robert Lloyd in what remained of Macduff's part. In the two remorselessly powerful finales at the end of Acts 1 and 3, the Ambrosian Singers and the NPO under Mr. Serebrier made a tremendous impact; at other times one wanted greater eloquence, less force from the orchestra.

Corinne McCarthy

Penelope Wilton and Joseph O'Conor in 'All's Well That Ends Well,' which opened last night at the Greenwich Theatre

Cinema

Somewhere in between

by NIGEL ANDREWS

Greta Garbo
Berlin Film Festival
Royal Flash (A)
Odeon Leicester Square
Island of Lost Souls
Electric Cinema Club
Un Chant d'Amour
Electric Cinema Club
Out of Season (X)
ABC Shaftesbury Avenue

"What when drunk one sees in other women, one sees in Garbo sober."

"A great actress—oh, undoubtedly, one wearily assents, but what dull, pompous films they make for her."

There are few actresses who inspire a sharper division of feeling in their audience—varying from rapture to ennui, adoration to exasperation, awe to indifference—than Greta Garbo. Of the two remarks I have quoted, one is by Kenneth Tynan, the other by Graham Greene; and the truth of the matter lies no doubt, as always, somewhere in between. It is over thirty years since Garbo's film career came to an end, and the actress went into voluntary retirement after the failure of her 1941 film *Two-Faced Woman*. If ever, there was a time for revaluation, that time is now, and no better opportunity has presented itself than the recent retrospective of Garbo's films shown at the Berlin film festival. Virtually all of Garbo's work was on display here, from the silent films she made in Europe at the beginning of her career to the great Hollywood star vehicles of the 1930s: *Anna Karennina*, *Queen Christina*, *Marie Walewska*, *Camille*.

Audiences brought up on an exclusive diet of the latter (and those four films are invariably the ones that are trotted out for Garbo revivals in London) might be justified in wondering if Hollywood made the most of Garbo's potential. To be sure, she was the greatest of screen tragediennes: no actress has been better at scenes of doomed love, of elevated passion, of stoical self-sacrifice. No actress has been better at breathing life into the moribund clichés of the Hollywood death scene.

But what of the films she made in between these ornate, high-toned historical dramas? One of the revelations of the Berlin retrospective is the evidence it gives of Garbo's superb ability as a comedienne. Impeccable in tragedy, she was even better when she could introduce an element of mockery into her roles. Even in her most serious films, after all, there is an element of masquerade (the disguises in *Queen Christina*, the concealment of her true feelings in *Camille*), and when this is given its comic head in films like *Ninotchka* or *Two-Faced Woman* we are suddenly confronted with an actress of such bubbling invention and sophistication that it is astonishing that the publicity slogan "Garbo laughs!" ever *needed* to be invented: that the studios took so long to realise that one of Garbo's greatest natural assets was her sense of fun.

Nowhere is her potential for comedy more evident than in her silent and early sound films. Most of these now look hopelessly dated—the swarthy Latin romance of *The Temptress*, the dinner jacket intrigues of *As You Desire Me*, the waterfront melodrama of *Anna Christie*. But Garbo plays them all to the hilt—and then more. As if passion and conviction were not alone enough to use up all her resources, she tops her performances with a brittle layer of parody. Watch her as the Russian spy in *Mysterious Lady* (1928) as she gives the come-hither treatment to hero Conrad Nagel: one arm toying idly with a pair of opera glasses, the other snaked elegantly along the top of the balcony behind which she is sitting.

Critics like Graham Greene insist that what made Garbo was her voice. But the remarkable thing about her performances in the 1920s films is how much she achieves without it. Whether playing a vamp or a tragic heroine, she imparts a deliciously conspiratorial air to her roles: as if the audience is allowed in on some joke, or some secret, fleeting emotion, from which all her fellow actors are excluded.

The saddest casualty of the film world's refusal to allow Garbo her sense of humour is George Cukor's *Two-Faced Woman*. Vilified or dismissed in cinema history books, the film is seldom seen, and when it is, it is seldom without a reminder that this was the movie that finished Garbo's career.

Cukor's film is a comedy of mistaken identity in which Garbo plays a Swiss ski instructor whose whirlwind romance with tourist Melvin Douglas is followed by an equally whirlwind marriage. When Douglas is summoned briefly back to New York on business, Garbo decides to follow him across the Atlantic and test his fidelity by masquerading as her (fictional) twin sister. The film thus gives us two Garbos for the price of one: the wholesome, fresh-air Garbo of the ski slopes, and the slinky Garbo of the night clubs, plying Douglas endlessly with champagne, caressing him with her low, teasing voice, and turning every seductive trick of the professional vamp.

If the film had been made with Carole Lombard, or Jean Arthur, or Katherine Hepburn in the Garbo role, it would have been hailed long before now as a comic masterpiece. As it is, so alien to everyone's conception of Garbo is the film that it will probably languish in oblivion until her talent for comedy is as well appreciated by film-audiences as her talent for tragedy. Plans are afoot to bring the Berlin retrospective—or as much of it as is possible—to London and the National Film Theatre. Then at last perhaps British audiences will have a chance to make up their own minds.

★

Box office smash hits have a lot to answer for. After the money-spinning success of Richard Lester's Musketeer films we appear to be headed for an infinite series of colourful, gag-filled period romps. *The Four Musketeers* was not as good as *The Three Musketeers*, and *Royal Flash* is not as good as *The Four Musketeers*. If the next in the series reflects the same progression—it's an adaptation of the Robin Hood legend—it could be a sad end to what began as a lively, quirky and potentially very fruitful idea.

Lester has taken the third of George Macdonald Fraser's Flashman novels for the basis of his film, and culled from the earlier two enough story exposition to put audiences unfamiliar with the character's origins in the picture. Flashman was the school bully from *Tom Browns Schooldays*, and Fraser's novels set out to extend his fictional life into an adult career of sexual conquests and military prowess. The running joke of the books is the way Flashman's personal cowardice and ineptitude invariably rebound into inadvertant acts of heroism.

In *Royal Flash* our hero, played by Malcolm McDowell, gets caught up in the Austro-Prussian conflict of the 1860s, and the vexed question of the duchies of Schleswig and Holstein. Oliver Reed plays Otto von Bismarck, and the colourful array of allies and enemies through whose hands Flashman passes include Alan Bates as a swashbuckling nobleman, Britt Ekland as an Austrian duchess, and Florinda Bolkan as an unlikely-looking Lola Montes. It is spirited stuff; but unlike *The Three Musketeers* the plot is confusing enough not to need to be worse confounded by Lester's visual antics. Gags which would have thrown a few bright sparks into a stronger plot serve finally to blow this one to pieces.

★

"Censored—and Why" is the name of the new season at th Electric Cinema, which runs from July 6 to August 23 and features a wide selection of movies that at one time or another have had a brush with the British censors. Among the chief curiosities is *Island of Lost Souls*, made in 1932 and banned in Britain until the 1950s. It is a bizarre and patchy version of H. G. Wells's novel *The Island of Doctor Moreau*, starring Charles Laughton as the mad vivisector who devotes himself to turning animals into human beings. How the censor's hackles could have risen at such a transparent and innocuous piece of nonsense is hard to imagine: but the film is worth seeing for Laughton's performance and for its nice line in prehistoric Hollywood dialogue.

Showing in the same season is a far worthier film, Jean Genet's 1950 homosexual prison *fantasy* *Un Chant d'Amour*. Nothing more explicit than Genet's film is currently to be seen in London, but the film's erotic power derives not from its literalness but from the poetic intensity of its images of thwarted passion. Naked male bodies glisten and contort and gyrate. But the most erotic moment in the film is perhaps the simplest: a scene in which one prisoner gives another a smoke through the cell wall by pushing a straw through a tiny chink in the stonework.

Best to draw a polite veil over *Out of Season*, a British film in which Cliff Robertson, Vanessa Redgrave and Susan George play out a series of triangular confrontations in an off-season seaside hotel. Somnambulistically directed by Alan Bridges, it is one of those films in which it is possible to wake up after half an hour of deep sleep and not realise that one has missed a single word.

Florinda Bolkan and Malcolm MacDowell in 'Royal Flash'

The Entertainment Guide is on Page 15

Salisbury Festival

by DOMINIC GILL

The third Salisbury Festival of the Arts runs this week and next in and around what still remains (in spite of the ring-ways and bypasses which have so ravaged its eastern fringes: but also in due part because of them) one of the most charming and well-appointed cathedral towns of the South West.

The principal emphasis this year is again musical: a selection, not notably adventurous but all the same well-planned and imaginative, of recitals (piano, cello, violin, guitar and string quartet) given by substantial international artists: a home-grown operetta: and a final production of Haydn's St. Cecilia Mass. But there is a fringe also, too important to be called such, that is the heart of any festival, and in Salisbury specially well endowed: a round of parties, dances, folk-songs, wine-tasting; an excellent exhibition by Wessex craftsmen, and another of ballet and opera costumes; a show of 18th-century watercolours and drawings by Thomas Rowlandson in the Cathedral Close; lectures by David Cecil and Kenneth Clark; and a good seasoning of other exhibitions, entertainments and plays. The idea is essentially regional; but for Londoners too, less than two hours away by train, the festival programmes and the town together are an attractive proposition.

On Tuesday, in the pretty 13th-century church of St. Edmund, now deconsecrated and used as a concert and meeting hall and Arts Centre, the evening was given to the American cellist Ralph Kirshbaum, accompanied by Peter Frankl, and to three cello sonatas by Beethoven and Brahms. Kirshbaum and Frankl are a fine duo, quick and sure in their mutual responses, beautifully balanced: in the first of the two Brahms sonatas, and in Beethoven's op. 69 in A, not a hesitant note was struck—firm attack, sweet tone, broad, flowing lyrical line. Their account of the F major Brahms sonata too was a model of its kind: in the first and third movements even for my taste a shade too urbane, lacking a kind of fierceness, but never less than supremely accomplished, clean and clear. A solid, most enjoyable recital.

To-night in Salisbury, Paco Pena plays a programme of classical and Flamenco guitar music: next Sunday and Wednesday, the Quartetto Italiano give two recitals, at St. Edmund's, and in the Double Cube Room of Wilton House.

LPO 'Solti Series'

Sir Georg Solti will conduct six concerts for the London Philharmonic Orchestra at the Festivall Hall in February and March next year under the title of "The Solti Series."

Mr. Eric Bravington, managing director of the LPO, said in London yesterday that Sir Georg's association with the orchestra goes back to about 1948 and that he was delighted with the "musically and personally" conductor/orchestra relationship.

The first concert in the series (each programme is devoted to a single composer) is on February 10, an all-Bartok programme with Kyung-Wha Chung as soloist. Beethoven's Symphonies No. 1 and 9 (with the London Philharmonic Choir, Christiane Eda-Pierre, Helen Watts, Robert Tear and Gwynne Howell) are played on February 17 and 22; The Bruckner Symphony No. 8 on February 24 and Stravinsky's *Oedipus Rex* and *The Rite of Spring* on March 7 with Josephine Veasey, Peter Pears, Ryland Davies, Donald McIntyre, Benjamin Luxon, Robert Lloyd and the Johan Alldis Choir.

The final concert of the series is on March 2 with Mahler's Symphony No. 2 in C minor (Resurrection) with Heather Harper, Helen Watts, and the London Philharmonic Choir.

WORLD TRADE NEWS

Japan sets up marketing council for Benelux trade

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, July 10

A "BENELUX Market Council," similar to the British Market Council set up 18 months ago, has been established by Japan to promote smooth trade relations between itself, Belgium, the Netherlands and Luxembourg.

The functions of the Council, whose chairman is a director of Mitsubishi Corporation, will be to help Benelux exporters find opportunities in Japan, to promote Japanese investment in the Benelux countries and to explore opportunities for joint ventures in third countries.

Japan had a visible trade surplus of just over $1bn. (exports $1.5m., imports $450m.) in 1974 according to the Ministry of International Trade and Industry customs and clearance figures. This compares with the £250m. surplus which Japan ran on its trade with Britain last year. Japanese exports to the Netherlands, however, include large quantities of goods destined for re-export so the imbalance may not be quite as serious as the figures suggest.

Japanese trading companies, including Mitsubishi, have been using Rotterdam as a storage and distribution centre for goods ultimately destined for smaller European markets and for Africa. The Netherlands apparently favour this practice and Japanese trading companies are planning to establish a joint organisation to promote this kind of business.

The Benelux Market Council is the second of its type so far established by Japan, but the Japanese have already sent six officially-sponsored import promotion missions to countries or regions with which Japan has large trade surpluses. These missions have gone to the U.K. (in spring 1973), Scandinavia, East Europe, Benelux, Brazil and Italy and Greece. The next candidates for import promotion missions are likely to be other West European countries including France and Germany.

The Benelux Market Council will include Japanese traders (both importers and exporters) as well as representatives from department stores handling Benelux goods. Non-voting membership is available to businessmen from the Benelux countries themselves. The Council is sponsored by the Ministry of International Trade and Industry.

Nissan, Toyota file Australia plan

BY KEN RANDALL CANBERRA, July 10.

THE JAPANESE car-makers Toyota and Nissan have made formal application to manufacture motor vehicles in Australia under the Government's new local content plan. Their letters of intent confirm the proposal to manufacture four-cylinder engines in a joint venture with Chrysler, Australia, and the Australian Government.

The Minister for Manufacturing Industry, Mr. Lionel Bowen, said to-day that the Government was pleased to receive the companies' commitments in principle, but acknowledged that agreement still had to be reached on such basic questions as the scope of the project and shareholdings of the various parties.

Engines for Toyota and Nissan four-cylinder vehicles currently assembled in Australia are imported from Japan. Their manufacture in Australia will be a major step towards reaching the 85 per cent. local content required under the Government plan.

Mr. Bowen said that it would also conform with the Government's objective of avoiding uneconomic investment and fragmentation of production.

The formal notification of the companies' intentions follows discussions in Tokyo earlier this month with the permanent head of the Australian department of manufacturing industry, Mr. Neil Currie. It creates an official framework for negotiation of an agreement between the parties over the next few months.

Canberra wins textile curb

BY KEN RANDALL CANBERRA, July 10.

AUSTRALIA has negotiated further voluntary restraint arrangements on exports of certain types of clothing from South Korea and is tightening import controls against similar Taiwan exports.

South Korean exports of woven shirts and blouses for women and children will be kept to 300,000 garments during the 12 months from July 1. Woven coats will be subject to surveillance arrangements as prescribed by the international textiles arrangement.

The two Governments negotiated a restraint arrangement covering knitted garments late last year and Australia will be seeking its renewal later this year, according to a Government announcement to-day.

Taiwan exports of knitted garments are already sharply restricted by import quotas which are now being extended to woven items.

There will be a limit of 200,000 items for 1975-76 on woven dresses, and 50,000 items for women's and children's blouses, shirts and coats.

British aerospace exports new peak

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FOR THE second month running, exports by the aerospace industry reached a new peak in May of over £72m., bringing total shipments for the first five months of the year to the new record level of £316.8m.

Analysis of the figures, issued by the Society of British Aerospace Companies, shows that engines accounted for over £154m. of the five months' total, with aircraft accounting for nearly £141m. The remainder was accounted for by guided weapons, radio, radar and electronic equipment, and other types of equipment.

Exports of complete new aircraft over the first five months amounted to over £40m., mainly attributable to deliveries of Hawker Siddeley Trident jets to China, although other contributors were Hawker HS-125 executive jets, and Britten-Norman Islander light transports.

Exports of new engines amounted to nearly £58m., reflecting the continued high level of deliveries of Rolls-Royce RB-211s to the U.S. for the Lockheed TriStar programme. The figures continue to be dominated by shipments of spares and parts, however, amounting to just under £200m. for the first five months.

Most of this business stems from aircraft and engines first designed and put into production years ago. While it illustrates the long-term value to the balance of payments of new aircraft and engine development, justifying the original investments, it also indicates an imbalance in the industry's work pattern, with a growing need for new developments to sustain it in the future.

Some of the major projects still under development have yet to make their export contributions—Concorde, for example, and such military aircraft as the Multi-Role Combat Aircraft (MRCA) and the Hawker Siddeley Hawk.

Even taking these into account, however, the industry admits the need for major new ventures, especially in the civil field, even if these are conducted on an internationally collaborative basis.

This is why the industry, despite the threat of nationalisation that still hangs over it, intends to pursue its discussions over the next few months with its continental counterparts, in an effort to agree on a major new transport aircraft development with which to compete with the U.S. industry, through the 1980s.

BL wins £15m. Nigerian deal

NIGERIA, one of the best customers for British-built trucks and buses, will, within three years be building its own basic vehicles under a £15m. manufacturing deal between British Leyland and the Nigerian Government.

British Leyland confirmed yesterday that it is within days of signing the deal to establish a 100 per cent. manufacturing facility producing all the British company's products needed by Nigeria.

DTI report on OPEC markets

THE DEPARTMENT of Trade and Industry has issued a special report of its Trade and Industry magazine on the export opportunities for British industry in the fast growing markets of the Organisation of Petroleum Exporting Countries (OPEC). In an introduction, the Secretary for Trade, Mr. Peter Shore, notes that in the first five months of this year more than £750m., over 9 per cent. of British exports, went to the OPEC countries.

Israel threatens counter against Arab boycott

BY DAVID BUCHAN

ISRAEL may expose those companies that bow to Arab pressure not to trade with Israel, and it will not deal with companies that want to do "underhand" business with Israel—presumably through dummy subsidiaries or special documentation. This was stated by Mr. Dan Halperin, an adviser to the Israeli Ministry of Finance, in London yesterday. While still referring to the Arab boycott as "a toothless tiger," Mr. Halperin said that the Israeli Government has now decided to take the fears, that the boycott had instilled in international companies, more seriously.

Mr. Halperin and Mr. Avraham Agmon, recently appointed as Adviser on Economic Warfare to the Israeli Government, said that there was evidence that many companies were actually taking the initiative in contacting the Arab Boycott Office to get clearance. One company, planning a deal with non-Arab Iran had even done so.

Asked about reports of an attempt to get American companies removed from the Egyptian boycott list as part of the next interim Sinai agreement, Mr. Halperin admitted that getting Egyptian economic warfare "softened" was an Israeli priority. In fact, the U.S. Government has been fairly tough in rejecting the boycott.

Mr. Agmon said that the reactions of the EEC governments was of more concern. Israel, he said, had a £650m. deficit with the EEC and therefore EEC governments had a duty to protect the suppliers of such a large market for EEC goods from Arab blackmail. The British Government had given little of a lead to its businessmen in combating the boycott. Last year Britain exported to Israel some £225m. of goods (although nearly a £100m. of that was re-exported diamonds), and took only £75m. in imports from Israel.

Claiming that companies had not only a moral right to resist the boycott, but also a practical interest in so doing, Mr. Halperin talked of the inefficiency of the boycott. Each Arab country operated its own list, though there was supposed to be central co-ordination through Damascus. A Lebanese company had even shown up on the Jordanian list.

The boycott rules were also highly elastic, if the company's goods were valued highly enough by the Arab recipient, Mr. Halperin said that, for instance, British Leyland was still, contrary to popular impression, sending assembly kits to Israel and that Israel hoped that the company would renew its agreement there, despite BL's efforts to get off the boycott list. The Egyptians, he said, had compromised by promising to take BL off its black list once the company's investment programme was completed in Egypt.

He also mentioned that recent "tombstones" advertisements—which record the underwriters of loans—showed that Jewish and Arab controlled banks were often now underwriting the same loans. This, Mr. Halperin claimed, showed what could be achieved by banks jointly resisting the boycott. He singled the sole example of Kleinwort Benson as a bank that had not held firm.

JAPAN AND SOUTH EAST ASIA

A depressed phase

BY DICK WILSON

JAPANESE trade and investment in South East Asia is currently going through a critical and depressed phase. The slowing down of Japan's imports of raw materials from this area has hit it particularly hard, since Japan is the biggest trade partner for almost every country in the region.

Squeezed between recession and inflation, causing their commodity exports to decline and their capital equipment imports to become more expensive, South East Asian states are suffering grave balance of payments deficits, and trade with Japan is a prime victim.

In the first few months of this year, for example, the U.S. has overtaken Japan by a substantial margin as the leading trade partner of Singapore.

Contracts concluded by the 14 biggest trading corporations with South East Asia indicate that Japanese exports to the region have been consistently ahead of imports for the past year, and in March this excess reached a monthly record of $1bn.

Restrictions

The reaction is an understandable resort to import restrictions on the part of the Philippines, Thailand and other South East Asian countries. The Japan Automobile Manufacturers Association expects its members' exports to South East Asia in the current fiscal year only just to equal last year's level of 300,000. The Japanese expect a decline of 8 per cent. in passenger cars, set off by an increase in pick-up trucks.

The South East Asian demand for textiles and chemicals remains depressed, and in the latter case the Japanese claim they are meeting stiff competition from the EEC. Similar competition is being felt from U.S. and European companies for export of industrial plant and equipment.

Steel sales picked up recently as local merchants ran out of stocks, but they have begun to drop again and a recovery is not expected until October. South East Asia normally absorbs almost one-third of Japan's steel exports.

Machinery manufacturers were encouraged when Indonesia placed an order for a crude oil trans-shipment station this spring.

This is being put up by a consortium of Japanese, Saudi Arabian and Indonesian enterprises including Pertamina, with a capital of £60m.

The overall outlook for machinery exports remains dull since demand for construction machinery, particularly for timber felling and roads, have fallen away. Orders for plastic injection moulding machines have been reduced to nil.

A £350,000 order by the Telecommunications Agency of Singapore for electronic telephone exchanges of 10,000 circuits, given to Fujitsu, provides an exception. This is the first example of this kind of export by a Japanese firm.

These economic problems are exacerbated by the sense of new political unrest in the region which is worrying Japanese investors. The worst example of this was the Communist insurgents' attack on the Japanese working on the Temenggor Dam in West Malaysia at the end of last year.

Japanese contractors working on the project have been threatened with further attacks, although work is proceeding.

The fear is that insurgency will worsen as a result of the Communist success in Indochina, and that some South East Asian governments will prove too weak to cope with it.

There are also increasing demands from governments to insist on a high ratio of local investment and the employment of their own nationals. Malaysia has now demanded that Nippon Steel, Mitsui and other Japanese firms reduce their equity share in Malayawata Steel from the present 39 per cent. to 28 per cent.

In Indochina itself Japan is not unhopeful of being awarded a large share of the business which the new Communist administration may do with the non-Communist world.

The Matsushita Electric Industrial, Sanyo Electric and Yanmar Diesel-Nichimen factories in Saigon have now re-opened, having escaped the war almost undamaged. They are operating well under capacity, using their own stocks of parts and materials for the time being. They make TV sets, radios and power equipment.

Mr. Isamu Fujita, President of Godo Coal and Director of the Japan-Vietnam Trade Association, recently returned from a three-week visit to Hanoi to discuss mutual trade. He believes that North Vietnam may be able to increase its commitment of 600,000 metric tons of coal to Japan this year.

Channel

North Vietnam's Chamber of Commerce is to serve as the channel between Japan and South Vietnam pending the establishment of proper government bodies in the South.

Talks are proceeding on the Y5bn. aid to the north which has been allocated for the current fiscal year, but on which there was disagreement over the goods to be supplied, notably trucks. North Vietnam is newly included in the Export-Import Bank's list of clients and is likely to consider loan requests for Japanese exports.

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AMERICAN NEWS

Demand drains U.S. petrol stocks to danger level

BY GUY DE JONQUIERES

NEW YORK, July 10.

WARNING SIGNALS are now emerging that the United States may be heading towards a season of widespread petrol shortages similar to the scarcity which led to long queues and unofficial rationing at many service stations in the summer of 1973.

The latest figures issued by the American Petroleum Institute, the oil industry's representative body, show that despite an increase in refinery output last week demand for petrol grew considerably more rapidly than supply. As a result, petrol stocks were sharply depleted.

The statistics are, admittedly, based only on one week's evidence and may have been distorted by the July 4 holiday week-end, when many Americans took to the road. But they also show quite clearly that stock levels are now nearing the danger point, and there are doubts as to whether they can be replenished in the face of growing demand during the holiday season.

The bare minimum level of petrol stocks considered safe is about 195m. barrels. At the end of last week, total stocks were 196.2m. barrels, down from 198.5m. barrels the previous week and 222.1m. barrels at the end of the equivalent week last year. This drop took place despite a rise in daily refinery output to almost 7m. barrels from 6.8m. barrels a week before. Refineries were operating on average at 88 per cent. capacity, up from 85.7 per cent. the previous week.

The decline in stocks reflects the first major increase in petrol demand since the Arab oil embargo was imposed in October 1973. Refinery output can still be raised a little more, though most oil companies regard about 93 per cent. of capacity as the maximum rate sustainable for any length of time, because allowance must be made for breakdowns and routine maintenance.

Supplies could also be increased by adjusting refineries to produce more petrol. But this would risk courting a shortage of home heating oil next winter, when it is feared that there will in any case be an acute shortage of natural gas.

The discouraging figures on petrol supply seem likely to draw fresh criticism from Congress, where the oil industry's opponents have already attacked a recent rise in petrol prices. The scene may thus be set for a renewal of the recent accusations that the oil companies are manufacturing an artificial shortage in order to raise their profit margins.

Since the beginning of this month, most major oil companies have raised their petrol prices by as much as three cents per gallon, bringing the average price to around 60 cents per gallon. There are wide regional disparities in price, however.

The Federal Energy Administration in Washington has said that it expects a rise of as much as five cents per gallon during the summer. Part of this would reflect the higher tariffs which President Ford has imposed on imported oil and part would be seasonal increases that would be eliminated after the end of August.

The U.S. gallon is only about 80 per cent. of the volume of the Imperial gallon, but U.S. petrol prices remain substantially lower than those in Europe or in Canada.

CIA 'infiltrated' White House

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 10.

THE CONGRESSIONAL hue and cry after the CIA took a promising new turn to-day, when members of the embattled House Select Intelligence Committee claimed that the Agency may have infiltrated informers into the upper reaches of the Nixon White House and into other Government agencies as well.

The allegations were made yesterday evening by some Congressmen on the committee which is trying to mount a massive investigation to the whole U.S. intelligence community. They claimed that the staff director had secret supporting evidence. The White House spokesman and the CIA promptly denied the accusation.

According to the committee members, the evidence suggests that the CIA managed to plant a covert informer at the very top of the White House, with access to the President's Oval Office and ranking only just below his two principal aides, Mr. H. R. Haldeman and Mr. John Ehrlichman.

Informers were also said to have been infiltrated into the Office of Management and Budget, part of which was located in the White House itself at that time, and also into the U.S. Treasury and other Government agencies. Since the CIA is explicitly banned from domestic intelligence operations, such activities are clearly in breach of its statutes.

In making such spicy accusations, however, there can be little doubt that the Congressmen are trying to save their committee and the investigation that it plans—both of which are now in serious jeopardy as a result of the furious row that erupted when the chairman, Mr. Lucien Nedzi, revealed the CIA had briefed him about foreign assassination plots two years ago when he was head of the House-CIA oversight committee, but that he had done nothing about it.

As a result, Mr. Nedzi resigned his post, only to have his resignation rejected by the full House of Representatives. Now a move is underway in the House Rules Committee to abolish the Select Committee altogether and its plans to investigate dubious intelligence activities by the CIA, the FBI and the Internal Revenue Service. Instead a new body would be set up to carry out an investigation of the CIA alone, in parallel with the investigation under way in the Senate.

S. American steel output

BY ALEJANDRO KOFFMANN O'REILLY SANTIAGO, July 10.

LATIN AMERICAN production of raw steel reached 8,939,500 tons during the first half of this year, showing an increase of 3.6 per cent. over the same period of 1974, according to data released here by the Latin American Iron and Steel Institute. Although net production rose over 1974 first-half levels, the rate of increase slowed down.

In all of 1974, raw steel production increased by 6.1 per cent. over 1973 output. "This year figures point out that several steel plants in the region are devoting part of their efforts to expand their installations," the Latin American Iron and Steel Institute co-ordinator, Sr. Fernando Vera, told the Financial Times.

"The Latin American steel industry is seeking technological solutions to the problems posed by the energy crisis," he said.

Latin America per capita steel consumption is much lower than that of Europe and the steel-making industry is planning to cover the growing need in the region with accelerated expansion.

CHILEAN PRICES

By Our Own Correspondent

SANTIAGO, July 10.

CHILEAN inflation reached record high levels during the first half of this year, with an increase of nearly 170 per cent. for the period, according to Government figures released here. For the last 12 months the increase in the inflation rate was 423 per cent. Last year first half-year inflation was 145.6 per cent., and 375 per cent. for all last year.

Iran stake in Krupp Brazilian company

ESSEN, July 10.

IRAN WILL BUY a direct stake in a Brazilian subsidiary of Friedrich Krupp and also take part in a project still under development. The company said the two sides signed a letter of intent under which the Iranian Government will buy an interest in Krupp Metalurgica Campo Limpo, which supplies parts to the Brazilian motor industry.

A Krupp spokesman declined to give further financial details, but said Krupp will maintain the majority stake in the Brazilian company.

Also planned is the participaton of Iran in Krupp Industrias Mecanicas in Minas Gerais. This plant is due to start producing heavy machinery next year for the mining, metal and cement industries. The Iranian interest in the Minas Gerais project will not be a direct one but will go through the joint company set up in Zurich after Iran last year bought a 25 per cent. holding in the Krupp steel subsidiary, Krupp Huettenwerke.

Krupp said the planned Iranian stakes will mark the country's first industrial investment in Brazil and should lead to further economic relations between Iran and South American countries.

The Krupp spokesman said details of the extent of Iranian participation in both projects and the size of the investment still have to be worked out. But in both cases, Krupp itself will retain the majority interest and the management responsibility, he said.

Reuter

Labour unrest at Peron delay

By Robert Lindley

BUENOS AIRES, July 10.

LABOUR unrest returned to Argentina to-day because President Maria Estela Peron has not carried out the Labour Minister's Tuesday promise that the recently negotiated pay rises would after all be honoured.

Workers, especially metal workers, at several plants—including Ford Motors—in Greater Buenos Aires have downed tools and are meeting to protest against the President's delay in signing a decree countermanding her decree of 13 days ago limiting pay rises to 50 per cent.

Wildcat strikes of this kind kept industry practically at a standstill during the 10 days before the general strike, called by the powerful General Confederation of Labour (CGT) which brought the country to a complete halt at mid-night Sunday. On Tuesday afternoon the Labour leaders called off the strike when promised that the wages contracts would be honoured.

A NEW INTERNATIONAL ECONOMIC ORDER

America feels a clash

BY PAUL LEWIS, U.S. EDITOR

THE DEVELOPING world's insistent demands for a New International Economic Order, abbreviated as NIEO, are being taken seriously by the U.S. Administration. It feels no instinctive sympathy for the principal features of such a system—involving as it is supposed to, a radical redistribution of the planet's wealth, but the Americans do think that something must be done to defuse the growing crisis of confidence between rich and poor in the world.

They also think that unless the developing countries' demands are talked about seriously, the future holds out a prospect of almost permanent confrontation between two classes of nation, which must poison and paralyse joint institutions like the UN, and make public support for them in the industrial countries more precarious than ever.

The notion of a New International Economic Order has evolved gradually over the past few years in the Committee of 77 and other Third World bodies. It made its definitive appearance at the 6th UN Special Assembly in September of last year, and calls basically for a transfer of wealth from the industrial to the developing countries through higher raw material prices, indexed to protect them against inflation.

To be sure there are many other demands including increased aid, better access to industrial markets, and greater transfers of technology. The NIEO also encompasses lofty sentiments about peace, brotherhood, and the sovereignty of nation States. Nevertheless, its cutting edge in practical terms lies in the encouragement it has given the poorer countries to believe that the easy answer to their problems lies in a greater measure of control over their own resources, including managed markets, higher prices and protection against a worsening of their terms of trade.

The effect of this doctrine is seen most dramatically in the alliance it has spawned between the OPEC oil producers and the rest of the developing world, even though the oil-less poor have suffered much more than the rich from the quadrupling of the oil price. It has turned out a remarkably resilient partnership now that the oil exporters have succeeded in convincing the rest of the developing world that the success of their procedure makes it a model for other raw material producers to emulate.

As a result the OPEC countries have seized the political leadership of the Third World with NIEO as their standard, and already they can count a good measure of diplomatic success. The UN will hold a series of Special Assemblies on the whole question of aid and raw material pricing, which provides the more radical Third World members with the public platform they want. In Paris, western oil consumers have been obliged to broaden their dialogue with OPEC to include parallel talks about raw material prices in general.

In strictly economic terms, the Americans believe that the main features of NIEO make little sense and that for this reason they are not a great threat to the West. Leaving aside fuels and oil, the developing countries only account for 25 per cent. of the world's trade in commodities. Raising and indexing the price of such raw materials as bauxite, rubber, and tin, could lead to a net transfer of several billion dollars to a number of developing producers. But general indexing along NIEO lines would benefit primarily the Soviet Union, Canada, Australia, and South Africa, while India, Pakistan and Bangladesh would suffer the most.

On the other hand, it is clear that the whole post-war development effort has not lived up to expectations and that besides aid there is much that could be done to help the poorer countries through greater market access to the industrial world and more advanced technology. Wild swings of commodity prices, of the kind the world has witnessed during the past two years, are also destabilising for both producers and importers, and in many cases spare capacity at the trough of the cycle could be used to build up stocks for sale in the next boom.

By putting forward this sort of consideration in a fairly pragmatic fashion, the U.S. hopes to take the heat out of what it sees as essentially a political crisis in the relationship between rich and poor in the world. It does not believe that the crisis can be eliminated completely in the foreseeable future, or that the rhetoric of the NIEO is going to vanish from the international stage. But it does believe that the way can be cleared for practical progress in particular areas which, when recognised and appreciated, must bring about a more general easing of tension. In more immediate terms it also hopes to head off another savage confrontation between rich and poor at the next UN assembly in September similar to that of last year, and to prevent the OPEC-developing world alliance from suspending Israel from the UN.

> "The U.S. hopes to take the heat out of what it sees as essentially a political crisis in the relationship between rich and poor."

The striking deterioration of Israel's standing with the Third World over the past couple of years has been watched with alarm in Washington, as evidence of the developing countries' growing antagonism towards any cause espoused by the U.S., as well as of their acknowledgment of OPEC leadership. But if—as currently seems very possible — Israel is suspended from the next UN session, American leaders fear a public outcry within their own country against the world organisation which could have catastrophic results.

The main lines of the U.S. counter-offensive against NIEO were laid down in Dr. Kissinger's Kansas City speech in May. The central feature is an offer to examine new international schemes for stabilising commodity prices by the use of buffer stocks and other means, though with a firm ban on indexing. In addition, the U.S. will shortly propose an expansion of World Bank lending for raw material production as well as an expansion of the limited scheme which the IMF now runs for maintaining the foreign exchange earnings of commodity exporters.

On July 15, Mr. Frederick Dent, the President's special trade representative, will unveil another aspect of the scheme at the GATT trade negotiating committee in Geneva. This is for a new international bargain whereby the industrial world grant freer access to processed exports from the developing countries in return for guaranteed supplies of raw materials. These undertakings would be bound in the GATT, like tariffs, and end the present phenomenon known as "tariff escalation," whereby the industrial countries accept basic raw materials freely, but discourage the producers from processing them by placing higher duties on processed exports.

A final, more recent and more controversial suggestion is that the U.S. and other countries might start building up new stockpiles of raw materials to discourage the formulation of new producer cartels along OPEC lines among the developing exporters. These would supplement the present U.S. strategic stockpile, although the Administration might go no further than ask Congress for permission to assemble them. The most likely materials are bauxite and chrome metals —a sign of the apprehension with which the U.S. views the embryonic cartels being formed by exporters of these materials.

The Americans believe that they have already given practical proof of their good intentions as well as talking about them—and that this is having an effect. They recently took the lead in proposing a new world coffee agreement, and the Administration would like to sign the new tin agreement, if it can shake off the protesting steel lobby. It looks favourably on similar agreements for cocoa and sugar, and perhaps something for copper as well.

But, as always, a major problem is the Congress which must approve commodity agreements —and this has deterred the Administration from offering to participate in any buffer stock financing so far. However, it might be able to get round this problem by using any stockpiles it was allowed to build up as a cartel-busting weapon. Meanwhile everyone in Washington is pleased with the way with which tin producers dropped their revolutionary NIEO jargon from the agreement after no more than token resistance—and that an Algerian minister recently spoke well of Dr. Kissinger.

EUROPEAN NEWS

France rejoins 'snake' with doubts about Swiss franc

BY REGINALD DALE, COMMON MARKET CORRESPONDENT BRUSSELS, July 10

WITH FRANCE now officially back in the West European "snake" system of jointly floating currencies, the participating countries are to hold further talks with Switzerland to discuss whether the Swiss franc should also be included. The Swiss will be invited to explain their position at the next meeting of ministers from the "snake" countries here in September.

Officials at to-day's meeting of EEC finance ministers here discounted reports that the Swiss are now less interested in joining the system, in which West Germany, France, Denmark and the Benelux countries are full members, Sweden and Norway "associate" members and Austria unilaterally keeping its currency in line.

M. Jean-Pierre Fourcade, the French Finance Minister, stressed that France's return, effective from to-night, underlined his Government's attachment to economic and monetary union in the Community. Monetary stability in Europe would be strengthened by the return of the pound and the Italian lira to the "snake"

M. Fourcade repeated French French suggestions that the "snake" currencies should be linked to the dollar through the fixing of a "Community level" for the U.S. currency. The uncontrolled floating of the dollar represented a "real threat" both to industrialised and developing countries, his statement said.

The French are expected to continue to press the point, even though the other Community "snake" members have dismissed such proposals as impracticable. The French, on the other hand, gained agreement on two technical changes in "snake" rules—an extension of the repayment period to six months and formal acceptance that gold will not be used in settlements.

M. Fourcade was once again cool towards the idea of Switzerland's joining the system. First, he said Swiss participation would need the agreement of the EEC countries that were not "snake" members — Britain, Italy and Ireland. Secondly the "snake" was a Community mechanism that implied convergence of economic policies, and he said he was not sure that Switzerland had yet given proof of this in its attitudes towards speculative capital movements.

France has had continuing fears that Swiss participation could drag up the "snake" against the dollar, and the U.K. also apparently fears that the Swiss franc's inclusion could have a disruptive effect on other currencies. The French franc to-day returned to the system at the same rate at which it left the "snake" in January, 1974, after at one point falling as much as 13 per cent. against the other "snake" currencies.

● The Council formally authorised the Commission to go ahead with negotiations for raising Community-backed loans from oil producing countries to help EEC member states with balance of payments difficulties due to the energy crisis. Italy and Ireland have applied to borrow under the scheme, while Mr. Edmund Dell, the British Paymaster-General, to-day said the U.K. had registered a "possible interest" later in the year.

The Ministers agreed to raise the capital of the European Investment Bank by 75 per cent. to 3.54bn. units of account. Ten per cent. of the increase would be paid up. The money is needed to support the Bank's lending operations for economic development in member and associate states, as well as possible new financial operations in countries like Portugal.

Parliament backs union while Labour abstains

BY PHILIP RAWSTORNE STRASBOURG, July 10.

STRASBOURG, July 10.

THE COMMON Market's Parliament proposed to-day that the Community expand into a political union, with gradually integrated foreign affairs and defence policies as a step on the way. The European Parliament adopted a hotly-contested resolution on the subject by 71 votes to eight.

At present, EEC institutions are restricted to dealing with economic matters, although EEC Foreign Ministers regularly meet informally to co-ordinate other national policies.

The members rejected amendments to the resolution from the Anglo-Danish European Conservative group, which would have deleted specific references in the text to broadening the EEC's sphere of influence. But British member Mr. Peter Kirk, leader of the Conservatives, said before a roll call that his group was voting in favour of the motion, despite opposition to its detailed proposals.

The only members to vote against the resolution were eight Danish, Dutch, Irish and Italian Socialists and Communists who felt future EEC institutions should not be responsible for European security.

The 18 newly-arrived British Labour delegates, who are known to be sceptical about the immediate prospects for closer European union, abstained, saying they had not had sufficient time to study a report on the resolution.

It proposed that eventually the EEC should create a single decision-making centre — or "European Government" — independent of national administrations but responsible to an enlarged European Assembly.

Reuter

Philip Rawstorne writes: The British Labour delegation's decision to abstain in to-day's vote rather than divide three ways has been a small but significant reaction to the expectations aroused by their arrival. This first acquaintance promises to brighten into a constructive and friendly relationship.

Though still slightly bemused by the Parliament's procedure—or lack of it—five of the MPs have contributed to the debate.

Mr. Mark Hughes, the former anti-Market campaigner from Durham, impressed delegates to-day with a speech on European union in which he want out of his way to say that though there might be differences of emphasis within the Labour group, it was united on the broad lines of approach.

With members now seated in the key political and budgetary committees of the Parliament, the Labour group could exert considerable influence within the Socialist group as a whole. Herr

DIRECT DEMOCRACY FOR PORTUGAL

A bid for perpetual power

BY JANE BERGEROL, LISBON CORRESPONDENT

THE ARMED Forces Movement of Portugal is in a profound and bitter crisis to-day: whatever appearances suggest not a single political party has anything but scorn for the fumbling military ideologists who pieced together this week's extraordinary document laying down guidelines for a people's "direct democracy." But it is in the AFM that power resides, provided that it can remain half way united.

Essentially "direct democracy" would bypass the political parties, disgraced as repositories of sectarian interests, to build a pyramid of organisations rising to local and regional assemblies—each elected one from the other by a show of hands rather than universal and secret ballot; each penetrated by AFM representatives; and each allowed to function only after receiving an AFM stamp of approval.

The transparent and fundamental aim is to maintain the AFM in power for ever—not merely for the three to five years laid down in its pact with the politicians concluded before the Constituent Assembly was elected.

Many officers in the movement remain fundamentally opposed to seeking permanent responsibilities of government. Until now, because of the false rhetoric inviting the Portuguese to choose between "pushing ahead with the revolution or turning back," none of these officers have had the courage to disagree with the minority who patched together the "direct democracy" scheme. However, many are aware of one of the current political saying in Portugal—"O povo estava com o MFA-ava"—The people were with the AFM that was.

Among the politicians, however, fear predominates over scorn. The role of the parties in Portugal, in spite of a contradictory phrase in the AFM document about their not being ignored, is now precarious in the extreme. Their Constituent Assembly, elected on April 25, is in danger of becoming a hollow joke. The document is a constitution in itself and the Assembly, whether it accepts it or not, must face this fact.

More alarming still is the capacity of the Portuguese Communist Party, with its superior organisation and strategy, to turn the AFM scheme to its own advantage. The Central Committee has already prodded some cells into demanding a dissolution of the Constituent Assembly, backed by certain extreme Left groups with their own reasons.

It is a sad day for Portugal when the AFM, with its well-meaning majority of officers, wraps itself in the mantle of exclusive mentor of the revolution while those who fought the Fascist regime, were tortured and imprisoned by its political police, exiled and deported, are considered less able to lead the people to socialism than officers who until 15 months ago fought for the Fascist state in Africa, and who almost without exception made no sacrifice against Fascism.

Many officers disagree with this exclusivity. Unhappily for the AFM, the divisions are now so great that there are none willing to tackle them. There are good reasons for believing that the chasm inside the AFM is so deep and so bitter that the General Assembly document was debated and approved because it offered an escape from other more sensitive and real issues, among them the question of sacking General Vasco Gonçalves and replacing him with a strong and practical premier who could hammer the Government into shape and deal with the country's pressing daily probblems.

To avoid grasping unpleasant nettles, the AFM is engaged in a constant *fuite en avant*. First discernible some months ago with the penetration of barracks and officers' messes by extreme Leftists, it became obvious shortly before the elections when leading officers such as Admiral Rosa Coutinho and General Otelo Saraiva de Carvalho began pressing for a supra-party united front for the revolution along the lines of the single-party liberation movements in some of Portugal's African territories.

Within the AFM itself there is growing awareness that the flow of propaganda and ideology emanating from the Fifth Division is increasingly unreal and tending towards a "widening divorce of the people from the AFM," referred to by the Socialist Party leader in the Constituent Assembly a fortnight ago.

Whether the Supreme Revolutionary Council, with its majority of responsible officers deeply involved in the humdrum business of running the country—unlike the Fifth Division younger generation—now moves to offset the significance of the People's Democracy plan by reaffirming the role of the politicians, of the Constituent Assembly, and by renewing President Costa Gomes' pledge to lead Portugal towards "pluralistic socialism through fertile crossbreeding of revolution and elections" remains to be seen. It was locked in debate from Wednesday night until after 5 a.m. on Thursday.

The feeling in Lisbon is growing day-by-day that reality is eluding the military leaders and that the country is slipping away from them while they talk the night away. However, the means whereby the Government can impose its authority, ensure that laws are respected, encourage workers to put their backs into production, and comfort investors into reviving the economy and providing more jobs, are entirely lacking while the AFM remains sole master of the country.

In spite of a vague feeling that the Portuguese have already given their allegiance to the politicians—though of differing parties—and that consequently the political parties in the end will take back power, it is impossible to foretell how they will manage to do so. Elections to a legislature are still due to take place once the Constituent Assembly has drawn up a constitution, and there is nothing explicit in the AGM draft to say that the Assembly will be dissolved.

The crux of the problem lies in whether the AFM decides to force the inclusion of its document in the constitution, and subsequently, whether Socialists and Popular Democrats, with their combined 82 per cent. majority in the House, accept. All the indications are that they will refuse. That could give the AFM the excuse to get rid of the Assembly. But it is extremely doubtful whether a majority of officers would go along with such a drastic step.

The AFM document therefore has served only to widen the schism inside the Movement. From the extreme Left to the Right of the political spectrum, everyone is now waiting for the crunch.

How the document agreed by Portugal's Armed Forces Movement (AFM) maps out the road to popular democracy:

● "People's organisations will be launched by unit assemblies of Army, Navy and Air Force. Neighbourhood and work commissions will be launched after political education sessions by the AFM on the aims of the AFM. Once the AFM has examined and approved such organisations they will be officially recognised."

● "In a second phase local and municipal people's assemblies will be activated by the AFM; in a third 'medium-term' phase district people's assemblies will be activated by the AFM; in a fourth 'long-term' phase regional people's assemblies will be activated by the AFM; in a fifth 'ultimate and distant' phase a people's National Assembly will be activated by the AFM; all elections will be by show of hands."

● "Popular tribunals will be set up to judge non-criminal cases."

Call for joint action on Japanese ship 'dumping'

BY WILLIAM DULLFORCE COPENHAGEN, July 10.

ONE OF Europe's leading shipbuilders to-day called for a co-ordinated cutback in European shipbuilding capacity and joint measures to counter Japanese price-cutting which threatened to "kill" the industry.

Mr. Erik Quistgaard, managing director of the Odense Steel Shipyard, whose Lindoe yard is the biggest in the West in terms of annual tonnage built, said some European shipyards had to close if the industry's current crisis was to be overcome.

He urged the European Commisison in Brussels to take up urgently Japanese shipbuilders' "dumping" practices, and rejected government subsidies as a means of solving European shipbuilders' present problems.

Mr. Quistgaard said, the only way to get the demand for and supply of new ships in balance was to reduce output. The complete collapse of the market for supertankers had led to a "huge over-capacity" in world shipbuilding.

The sensible solution was for European shipbuilders to agree together on a cutback. This would require co-ordination not only within the Common Market but also with the Swedes, who have the world's second largest shipbuilding output, and with other Nordic producers.

The issue was raised last month in Helsinki at the annual meeting of the Association of West European Shipbuilders, without any conclusion being reached. Many shipbuilders felt they would go bankrupt if they could not build up to their capacity. But, Mr. Quistgaard said to-day: "If everybody goes full blast, prices will fall so low that we will all go broke."

He claimed that the Japanese were exploiting the situation. European shipbuilders trying to sell vessels through brokers were told they had offers on hand from Japanese yards at prices 20 to 25 per cent. lower than those at which the European yards could afford to build. This applied to other types of ships as well as tankers.

A check of steel prices showed that the Japanese were offering vessels below cost price. Judging by the way in which they were operating in the market, "their intention can only be to kill the European shipbuilding industry."

Mr. Quistgaard said Government subsidies or other forms of financial underpinning for shipyards with cash flow problems could not solve the fundamental issue of over-capacity. Government help would be understandable for a "limited period for a well run shipyard in temporary difficulty and needing time to change its product programme, but support on a continuing basis year after year offered no solution to the industry's problems.

The Danish shipbuilder's own Lindoe yard has just had three 495,000-ton tankers cancelled, two by the Greek Papallios Group and one by its own parent group A. P. Moeller, and had to dismiss 360 employees, including 100 white-collar staff, at the beginning of this month.

But, in calling for a combined European effort to solve the industry's present crisis, Mr. Quistgaard himself is speaking from a position of relative strength. Lindoe, which turns out 1.5m. deadweight tons of ships a year, is a modern yard, whose flow-line techniques and sophisticated control systems enable it to build a 500,000-ton supertanker in 70 days.

THE DANISH Bewa shipping line has been forced to cancel a contract for six 4,000-ton freighters with the Brazilian SO/EBIN shipyard because Brazilian credit terms were better than those approved by the OECD. The Danish National Bank refused a currency transfer permit. A Bewa Line order for two 8,100-ton vessels with the same shipyard was approved earlier this year by the National Bank.

According to Boersen, the Copenhagen financial daily newspaper, the Brazilian yard offered seven per cent. eight-year loans covering 85 per cent. of the building costs, which compares with OECD limits of 70 per cent. of the total costs at an interest rate of a minimum eight per cent. and a period of a maximum seven years.

Businessmen plead for credit at Lisbon Congress

BY JANE BERGEROL LISBON, July 10.

AS THE Government moved today to nationalise Portugal's largest conglomerate, Companhia Uniao Fabril (CUF), six hundred businessmen delegates attended the first day of the confederation of Portuguese industry's agonising appraisal of "private enterprise in a society in transition towards socialism."

Armed Forces Movement delegates had failed to turn up at the morning session, but were expected later in the day, as were guests from government economic and finance departments. Businessmen heard papers on the effects of nationalisation policies on private enterprise, and a plea for greater discipline and organisation in the banking sector, to get credits flowing again to private enterprise.

Strongly critical of the banking sector's current confusion and bureaucracy, Dr. Gil Marques said present discrimination in favour of nationalised and state and auto-managed business must stop to allow private enterprise a normal flow of bank credit. He called for creation of a climate of confidence by specifying the rules of the game under which private enterprise should be allowed to operate in Portugal. Dr. Marques also said the Bank of Portugal's reflationary policy of printing more bank notes was being "sterilised and destroyed" through the inability of the banking sector to pass the increased money supply on into the economy.

To-morrow delegates will hear a sector by sector account of the state of private Portuguese industry, by different industrialists, and on Saturday a plenary session will unite thousands of confederation members to discuss their future.

● The number of strikes and labour conflicts in the last fortnight in June has dropped slightly to a total of 38, from an all time record earlier this year of 52.

To-day the Republica newspaper affair took a new turn, with publication by the workers of the first issue of the paper to come off its own presses in 51 days since the paper was closed down by the editor and management. The workers who entered the building at 8 a.m. this morning with the intention of bringing out a first issue under workers' control, came up against a supreme revolutionary council request to accept a military management and director, which they decided to do.

Turkey warns of possible Nato rethink

ANKARA, July 10.

TURKISH President Fahri Kuruturk to-day delivered an indirect warning that Turkey would review its commitment to Nato unless the U.S. totally lifted its arms embargo. It follows President Ford's compromise with Congress which would partially lift the weapons sales ban.

In an interview with Turkish Radio, President Kuruturk said that when Greece left Nato's military wing last year, Turkey offered "in all seriousness and sincerity to fill the gap."

"If Turkey is an ally suffering under a direct or indirect embared and says it wants to review its commitments to Nato, then, in saying this, it is just as serious and sincere as it was last year," the President said.

Reuter

Our Correspondent writes from Athens: Greek Air Force and naval units have been placed on an increased state of preparedness following "renewed Turkish violations" of Greece's air space in the Aegean. Greece has lodged a protest through its ambassador in Ankara, authoritative sources said.

France-U.K. oil search pact closer

BY RUPERT CORNWELL PARIS, July 10.

BRITAIN and France to-day agreed on an arbitration procedure which it is hoped will settle the five-year dispute over the exact division between them of the Continental shelf in the Western Channel and the Western Approaches, possibly rich in oil.

The agreement signed to-day here by the British Ambassador, Sir Edward Tomkins, and the Secretary General of the French Foreign Office, M. Geoffroy de Courcel, calls for a five man arbitration court, which is expected to start work shortly.

However, a decision is not expected until the autumn of 1976. The chairman of the court is the Finn, Professor Erik Castren, and apart from an American and a Hungarian, it contains Sir Humphrey Waldock of Britain, who sits at the International Court of Justice and the French member of the International Law Commission, Professor Paul Reuter.

In the meantime both countries are expected to continue to avoid giving licences for exploration drilling in the disputed area—whose demarcation depends on which of the various offshore islands are taken into account.

Last month the French group Elf Aquitaine started its own drilling programme in the Mer d'Iroise off Brittany, well to the south of the contested zone. However, it is far too early for any results to have been made public.

Agreement that the wrangle should go to arbitration was finally reached after four years of sparring last July, during the visit to Paris of Prime Minister Harold Wilson.

● The chances of a restart of the dialogue between oil producers and consumers this autumn were looking distinctly brighter after a brief stay in the French capital by the U.S. Secretary of State, Dr. Henry Kissinger.

Dr. Kissinger, who arrived here late last night, met the French Foreign Minister, M. Jean Sauvagnargues at the Quai d'Orsay this morning before accompanying him on a unscheduled visit to President Giscard d'Estaing at the Elysee Palace.

Italian unions give priority to jobs

BY ANTHONY ROBINSON ROME, July 10.

AFTER THREE days of intensive debate in the strategy to adopt for this autumn's national labour contract renegotiations for over 4m. Italian workers, trade union leaders have agreed that the number one priority is to increase employment possibilities rather than press for higher wages and salaries.

The debate has been a wide-ranging one, but at the end of the three-day summit the line proposed by the Communist-led CGIL federation appears to have gained most support. It is a line which insists that the real purchasing power of salaries be maintained through limits on public sector tariff increases and other prime necessities and the automatic threshold payment system, but with only limited increases in pay packets. The major energies of the trade union movement should be directed instead towards pressuring the government and private industry to step up investment both in essential social services, the State-controlled industries and private industry, with particular emphasis on the Mezzogiorno.

One of the first positive reactions to this new strategy came from Deputy Prime Minister Ugo la Malfa, a man who had been preaching the need for such a strategy for well over a decade.

Meanwhile, a highly significant incident took place during a top-level meeting of engineering industry employers at Florence yesterday where, for the first time, a Communist Party leader was invited to take part. The PCI spokesman, Sig. Eugenio Peggio, who is in charge of the party's economic research institute, CESPE, reconfirmed the PCI's official policy line, which recognises the value of private enterprise within the general context of an efficient national economic planning structure. He also emphasised that the official policy of the PCI is in favour of trade union unity and autonomy from all the political parties.

In reply, president of the employers' federation Sig. Giovanni Agnelli commented ironically "Sig. Peggio's speech leaves us with a serious doubt. What are we to believe in most: the revisionist capacity of the PCI or the possibility of a serious renewal by the Christian Democrats?"

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OVERSEAS NEWS

Hills sent back with Callaghan

KAMPALA, July 10.

PRESIDENT IDI AMIN of Uganda to-day freed British lecturer Denis Hills from jail and said he could go home to Britain with the Foreign Secretary, Mr. James Callaghan.

The 61-year-old Briton was brought from detention to a military command post in Kampala where President Amin was meeting Mr. Callaghan.

Mr. Hills told reporters: "I feel very well." But he declined to talk about his experiences in three and a half months of detention in Uganda.

After joining Gen. Amin and Mr. Callaghan all three emerged on to a balcony and Mr. Hills shook the President's hand.

"I have kept my word to release Mr. Hills," Gen. Amin said. "This proves I am not mad, as British newspapers said. "I'm pro-British and I want to strengthen my ties with Britain. This is perhaps the start of a new era between our two countries," Gen. Amin added.

Asked about the future of the 700 Britons left in Uganda, whom the President previously labelled as "spies," Gen. Amin said: "There's no problem. We want the Britons to stay."

Mr. Callaghan nodded his agreement, saying they had discussed this question and had reached agreement.

Gen. Amin personally escorted Mr. Callaghan and Mr. Hills to Entebbe international airport for an immediate flight back to London.

The release of Mr. Hills ended one of the most bizarre episodes in recent diplomatic history. Gen. Amin twice threatened to execute Mr. Hills for calling him a "village tyrant."

The President later rebuffed two personal emissaries of the Queen, calling them "drunkards."

Only after Mr. Callaghan had flown around Africa on a personal mission to secure Mr. Hills' release, did Gen. Amin finally agree to set the lecturer free.

Reuter/UPI

'New Jordan army ready soon'—Hussein

By Ihsan Hijazi

BEIRUT, July 10.

KING HUSSEIN of Jordan has disclosed that his army has been supplied with new and sophisticated weapons and that when its reorganisation is completed by the end of this year it would become a strong deterrent against Israel.

The monarch spoke in a candid interview published here to-day in the weekly magazine Al Hawadess. The Jordanian armament and military reorganisation would be supplemented by current military co-ordination with neighbouring Syria, he emphasised.

When all this is completed in six months' time, "any Israeli attack on Jordan or Syria would be met with a prompt, firm and strong retaliation," King Hussein said. He indicated that all the new weapons Jordan was getting came from the West and that he has not asked for Soviet weapons nor has Moscow offered them.

The monarch said he did not rule out the possibility of a "serious and constructive dialogue" with the Palestine Liberation Organisation, but insisted that guerilla activity should be inside the Israeli-occupied Arab territory.

He hinted Jordan might allow the guerillas the right of passage to the occupied areas provided the commandos stayed there. He said that to cross into occupied territory, carry out operations and then come back would only provide Israel with an excuse to strike back at Arab States at the time of its own choosing.

King Hussein warned that in case of another Middle East war, Israel might strike at Jordan to fulfil three goals—encircle Syria, reach the holy places of Mecca and Madina in Saudi Arabia, and occupy oilfields in the Gulf states.

King Hussein disclosed for the first time that the ground-to-air Hawk missiles Jordan is getting from the U.S. will be enough to provide all the country with a defence umbrella. He added that Jordan has also received 60 F-5-A fighter planes and established two new air bases, was now seeking to obtain large helicopters for troop transport and possesses the best radar station in the area.

Informed sources said under the reorganisation, the Jordanian armed forces are being increased from 78,000 to 122,000 men.

CHAOS IN ANGOLA

The danger of civil war

BY JON BLAIR IN LUANDA

THOUGH INDEPENDENCE is only four months away, there is little to celebrate in Angola. If the violence of the past months is not as serious now as it was, the overall political and economic situation in this, one of Africa's potentially wealthiest countries, is just as bleak.

In Kenya, 3½ weeks ago, the leaders of Angola's three liberation movements signed what was supposed to amount to a peace treaty to tide the country through to independence. They were significant in as much as the leaders agreed that their movements were to blame for the breakdown of law and order in the country and the consequent near collapse of the economy. But the solutions proposed were, at best, half-hearted, and their implementation has proved less than that.

There is no doubt, however, that if all three leaders had returned from Kenya to Angola itself and thrown their full personal prestige behind the agreement much progress might have been made. In the event, only Mr. Jonas Sivimbi, of Unita, has thus far been working for peace inside Angola's borders, while Mr. Augustino Neto of the MPLA has been in Mozambique, Nigeria, and Congo-Brazzaville, and Mr. Holden Roberto of the FNLA has yet to set foot inside Angola after an absence of 14 years.

Feuding continues on an unsystematic basis, and usually by individual groups of soldiers outside the control of the leadership. Instead, each movement has sought to consolidate its military position within its respective spheres of influence. The spate of fighting in late May and early June was connected with this, and they have each established strategic holding positions, maintaining only token outposts of soldiers in the other's territory. At the same time each has continued to receive arms from one another or its foreign allies, in the western-oriented "moderate" FNLA's case, via President Mobutu in Kinshasa where Mr. Roberto maintains his headquarters; in the case of the semi-Marxist MPLA via Point Noire in Congo-Brazzaville and thereafter by a landing craft it has recently purchased; and probably through Zambia for Unita, the "centrist" party whose struggle, before the Portuguese coup was largely waged without outside help.

Last week was proclaimed National Unity Week in Angola and a certain amount of fraternisation did indeed take place at higher levels between the movements. But the achievements of Unity Week appear scanty. Certainly the first unit of Angola's proposed 30,000 strong national army was inaugurated in Cabinda, and it is true that the electoral law has been drawn up according to the Nakuru schedule for the elections that are supposed to take place for a constituent assembly prior to independence in November. But severe doubt must be cast on the likelihood of these elections taking place for three reasons: the sheer scale of the task of preparing an electoral roll in less than three months, the awareness among all of the near certainty of a renewed spate of violence in the heated atmosphere of electioneering in a country where so many civilians are heavily armed, and the rapid diminution in the numbers of people capable of organising an election in a country larger than France.

At Nakuru, Mr. Augostino Neto strongly argued for the maintenance of the present system of governmental responsibility shared between the movements and the establishment of a presidential "troika," should the elections not occur. Dr. Savimbi refused point blank to accept this, and insisted that whatever happened a single president must be found before November—even if elections for the constituent assembly did not take place.

In any referendum or election Dr. Savimbi is certainly the front runner despite the comparative newness of Unita on the political and military scene and its small size compared with that of its rivals. Dr. Savimbi, who has become known among his supporters as "Prophet of Peace," carries the almost exclusive support of the South which contains about 40 per cent. of the Angolan population. In addition, he tends to be the favourite son of the remaining Whites who see in him their only passport to security and the chance to continue to make money in Angola. In fact an ardent supporter of the MPLA in the Ministry of Information privately admitted that in an election Dr. Savimbi would carry about 45 per cent. of the country, the MPLA 30 per cent. and the FNLA 25 per cent. This would seem roughly to conform with present tribal, regional and racial affiliations.

> "Feuding continues . . . usually by individual groups of soldiers outside the control of the leadership."

One thing is certain, however. If elections for either Assembly or a President do not take place, Angola is headed for civil war. No single movement could govern without the consent of the others, and although the MPLA would appear now to have military superiority over the other two, the South would certainly be ungovernable and has the power to strangle the MPLA's main power base in Luanda by cutting off food supplies. In fact, only the South is self-supporting, and this gives credence to the threat made by Dr. Savimbi in a recent interview to conduct a people's war in the event of either of the other two organisations attempting to seize power. In any case, as he said, it is not in the interests of any of the leaders to precipitate a civil war which would result in either OAU or UN intervention from which none of them would emerge the victor.

But while Angola's political future can only be described as problematic, the state of the economy daily deteriorates. The crisis stems from the fundamental breakdown of security, with the ensuing collapse of confidence among the Black and White community alike. The result has been a wholesale exodus of Whites back to Portugal. Already over 100,000 have left, and the figure is expected to reach over 200,000 of Angola's 500,000 Whites eventually. This is a catastrophe of major proportions for the country, for it was one of the axioms of the colonial era that almost all skilled manpower was White. Already teachers, doctors, clerical staff, and workers from every level of the economic infrastructure are in short supply or in some cases non-existent.

The North of Angola, which has always relied on migrant labour from the South to work in the coffee, sisal, and cotton plantations, and in the diamond mines, has been hit by the exodus of workers. Many of these southerners have fled from the North where most of the fighting between the MPLA and the FNLA has taken place. The result is that much of this year's coffee crop which is due for export in 1977 goes unpicked or is becoming diseased. The same applies to sisal and cotton, and the only diamonds being mined or sold at present are on the illegal market.

While agriculture seizes up, industry is at a total standstill. Only petroleum, which is pumped from offshore wells and requires very little labour, is unaffected. But for the rest there is no new investment, the salesmen of machinery and other capital items have empty order books, and spare parts for machinery already installed are virtually unobtainable. In addition, Angola's iron ore mines which have been running at a deficit for some years now will soon cease production. In fact the only people still doing flourishing business are the manufacturers and installers of steel protective burglar guards, and curiously enough, sellers of luxury clothing outlets, for some unexplained reason.

Dubai takes over oil and gas operations

BY RAY DAFTER

THE UNITED Arab Emirates sheikdom of Dubai has taken full control of foreign oil and gas operations, the first 100 per cent. participation agreement negotiated by an Arab state in the Gulf.

Under the agreement, the companies involved are being credited with $110m. in compensation for their past investment.

The companies are to remain and carry on operations, however. According to a report from Dubai yesterday, the Government and companies have agreed that the oil groups will "continue to take the risks, bear the costs and move the oil."

This is in line with Dubai's adopted stance of favouring the equivalent of equity participation without being directly involved in management.

A Dubai producing group has been set up to comprise the foreign interests—U.S. and Continental Oil. Dubai Petroleum (Continental Oil) has a 30 per cent. stake in this group, for instance. The other members are: Dubai Marine Areas (Compagnie Francaise des Petroles) with 50 per cent.; Deutsche Texaco with 10 per cent.; Dubai Sun Oil, 5 per cent.; and Delfzee Dubai Petroleum (Wintershall), 5 per cent.

Sheikh Rashid Bin Said Al Maktoum, ruler of Dubai, said the agreement provided business-like incentives for the future development of petroleum resources. At the same time it would increase the Government's ability to expand development of its economy.

The foreign interests have operated under the umbrella of the Dubai Petroleum Company, a wholly-owned subsidiary of Conoco and Dubai Marine Areas. Conoco has acted as operator on behalf of the group.

Oil exports from Dubai, which began in 1969, have been running at about 242,000 barrels a day from two offshore fields, Fateh and South West Fateh. There are about 35 completed oil wells at Fateh and some 15 on the other field. These have been operated by the DPC.

INDONESIA CUTS OUTPUT

JAKARTA, July 10.

INDONESIA HAS cut oil production because of lack of demand from its main buyer, Japan, it was announced to-day.

China bid to raise oil exports

BY A SPECIAL CORRESPONDENT

PEKING, July 10.

CHINA IS now making a strenuous bid to earn a place among the world's major oil producing nations. Large scale oil production will ease China's balance of payments problem with a number of countries, including Australia and Japan.

In the long term, however, China's role as an oil exporter is even more significant.

China has been making a strong bid for the friendship of Iran. Vice-Premier Li Hsien Nien led an official party to Iran recently and Iranian parties have visited here. China constantly urges third world countries to use oil and other raw materials as weapons and to resist the attempts of the superpowers to "rake in petrodollars" through sales of arms and technology.

China announced this week it had taken another giant stride forward in its oil development programme by completion of an oil pipeline from the North China port of Chin Huang Tao to Peking. The pipeline is 355 kms. long and is part of the 1,500 kms. "underground artery" linking the Taching oil field to the port and the capital.

The Taching field is China's biggest and the pipeline to Chin Huang Tao has greatly increased its export potential. The extension to Peking is for domestic use but its overall effects will be much wider.

China also announced this week that its petroleum industry had topped state production quotas for the first half of the year and total output of crude was 24 per cent. over that of the same period last year. China's crude production last year is believed to be about 60m. tons so if oil field workers can do as well or slightly better during the second half of the year this year's figure should be about 75m. tons.

Sydney Morning Herald

Support for kip

VIENTIANE, July 10.

SIX COUNTRIES involved in supporting the Laotian currency, the kip, to-day agreed to sign an agreement next Tuesday on their contributions for this year, informed sources said.

For the past 11 year Laos, whose exports are negligible, has been importing goods with money provided by the six-nation Foreign Exchange Operation Fund (FEOF) which last year supplied U.S.$32m.

Half of this was provided by the U.S. This year, anti-American demonstrations here have prompted Congress to ban fund contributions beyond a $5m. advance payment already made.

The sources said that of the other countries involved in the fund, France would contribute $2.3m., Japan $1m., Britain $1.56m. and Australia $$S0,000. Laos itself will contribute $3m.

Reuter

EMERGENCY STAYS

LAGOS, July 10.

THE STATE of emergency proclaimed by the Nigerian Army when it seized power in 1966 will remain in force in the interest of peace and tranquillity throughout the country, police Inspector General Alhaji Kam Salem said.

Industry Bill 'will lead to waste'

By Kenneth Gooding, Industrial Correspondent

THE Industry Bill in its present form will do nothing to provide the right framework within which to achieve real improvements in Britain's industrial democracy says the Council of the British Mechanical Engineering Confederation.

Sir William Mather, president, said after the BRIMEC council had met: "With the Bill in its present form, the country will continue to make the same mistakes as under the former Government. Subsequent Governments will abolish it and that will add up to another bill of colossal waste of time, brainpower and energy which we can ill afford to dissipate at this crucial time in our industrial development."

BRIMEC believe that there was need to give Government support to sections of the manufacturing industry but foresaw that a false situation would ultimately arise between the public and private sectors.

"Not least would be the need for the engineering industry to ensure a reasonable return on assets and at the same time remain competitive with companies subsidised by public funds," said Sir William.

Consultation

The Confederation was continuing to press Government departments to broaden the basis of their consultation with the engineering industry before framing or enacting legislation affecting the industry.

The engineering industry had a number of special problems. As manufacturers of capital goods needing long-term finance and planning, BRIMEC members recognised that many of the changes for which the Industry Bill provide needed to be made.

"Nevertheless," said Sir William, "the confidence of industry is absolutely essential for these measures to succeed. At present industry has little confidence that the measures proposed are the right framework within which to achieve real improvements in our industrial democracy."

Among the changes BRIMEC would like to see made to the Bill were clearer measures to ensure that the responsibility for industrial relations remained with the managements of private companies. Disclosure of information should be arranged on a voluntary and confidential basis.

Any moves to extend the dialogue between industry and Government were welcomed, but they should be confidential and voluntary.

Parliament, Page 11

Percentage pay rises urged by Chambers of Commerce

BY PETER FOSTER

A FIVE-POINT plan featuring legal sanctions against those breaking pay norms and a percentage rather than a flat rate increase for the next wage round has been presented to the Treasury by the Association of British Chambers of Commerce.

The association—which represents 50,000 companies of all kinds throughout the U.K.—disclosed yesterday, on the eve of to-day's anti-inflation White Paper, that it had presented its proposals on Wednesday to Mr. Edmund Dell, Paymaster General, at the invitation of the Chancellor.

The association has taken a similar line to the Confederation of British Industry in calling for a percentage rather than a flat-rate wage increase, although it rejects the CBI's recommendation of a £5 per week upper limit and the notion of a freeze on high incomes.

The Earl of Limerick, the association's president, claimed that this "would place a particular burden on those who have to make the policy work." He stressed that the TUC's recommendation of a flat rate increase of £6 was "too much."

Witches

Lord Limerick also emphasised that "legal sanctions" would be necessary if any policy was to be made workable. "Although," he added, "we don't mean sending trade unionists to jail."

Refering to the suggesrtion of making employers legally responsible for keeping wage increases within defined limits, Lord Limerick said: "This would be like the medieval test for witches. If they sank and drowned they were innocent; if they survived they were burned."

The associations other main proposals related to prices, investment and the public sector.

On prices, Lord Limerick said: "We are convinced that there is no room to absorb further wage increases without passing these on in prices." The association was strongly opposed to any tightening of the prices code.

Investment had to be encouraged through a new emphasis on profitability, while whatever measures were imposed had to be seen to have a significant impact on the public sector.

Unfair

Taking up this point, Mr. Nigel Mobbs, chairman of the council, emphasised that it was "grossly unfair" that businessmen should be expected to shoulder the burden of fighting inflation.

Pointing out that Parliament had little or no direct constraint over public expenditure, he called for some form of statutory review body to reassert control.

The association also yesterday published a "policy document" blaming successive Governments since the early sixties for the country's economic problems and calling upon the business community "to adopt a more positive and progressive approach to the nation's economic problems," in order to break the "Government-TUC-CBI stranglehold."

"Towards National Prosperity." From the Association of British Chambers of Commerce, 74 Cannon Street, London, EC4N 5BB.

Real personal income cut by 1%-1½%

BY MICHAEL BLANDEN

PERSONAL disposable income fell by between 1 per cent. and 1½ per cent. in real terms during the first quarter of this year, and consumer spending dropped nearly ½ per cent., the latest seasonally adjusted Central Statistical Office figures show.

The figures nevertheless indicate that real income remained at a relatively high level in spite of the impact of inflation, which was largely offset by substantial wage and salary increases.

Between the fourth quarter of 1974 and the first quarter of this year total personal income before tax increased by 4½ per cent.-5 per cent. Wages and salaries, the main component of this figure, rose by 7 per cent-7½ per cent. This was similar to the rapid quarterly increases during the course of 1974, when wages and salaries grew much more rapidly than other forms of personal income.

Taking the latest two quarters together, to eliminate the effect of short-term movements, total personal income rose by 13½ per cent. compared with the previous two quarters. Over the same half-year period, wages and salaries grew by 16½ per cent.

Employers' national insurance and private superannuation contributions are provisionally estimated to have risen sharply by about 20 per cent., reflecting special payments to pension funds to offset the effects of inflation.

Payments of taxes on income and national insurance contributions combined, however, rose faster than pre-tax personal income in the first quarter with an increase of 8 per cent. to 8½ per cent. Personal disposable income thus rose more slowly with an increase of 3½ per cent. to 4 per cent. Since this was less than the rise in consumer prices, real personal disposable income showed a fall.

On the longer term comparison, personal tax payments rose by 23 per cent. and national insurance contributions by 22½ per cent. Both of these were well above the rise in pre-tax personal incomes, so that personal disposable income showed a gain of only 11 per cent. In real terms, there was a rise of 2½ per cent. to 3 per cent.

In the first quarter of the year there was a rise of some 4½ per cent. in consumers' expenditure, so that the savings ratio dropped back slightly from recent high levels at 12.6 per cent. of personal disposable income against 13.3 per cent. in the final quarter of 1974.

With higher prices, however, the actual volume of consumers' expenditure showed a drop of nearly ½ per cent. in the first quarter, after continuous rises in the last three quarters of 1974. Spending on food fell back, and there was a drop of nearly 12 per cent. in expenditure on food and light, probably influenced by the mild weather, and of 5 per cent. in spending on the running costs of motor vehicles. The main spending categories to show a rise in volume were clothing and footwear and other household non-durable goods.

There has also been a downward revision of 1 per cent. in the income measure of gross domestic product for the first quarter, resulting from revised estimates of stock appreciation.

Sir John Davis, chairman of the Rank Organisation (right), after being presented with a doctorate of technology at Loughborough University yesterday by the university's chancellor, Lord Pilkington.

A fool's paradise over technology

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

BRITAIN WAS "living educationally and socially in a fool's paradise," Sir John Davis, chairman of the Rank Organisation, said at Loughborough University yesterday.

While praising Loughborough and by implication the country's other institutions of technological education, Sir John criticised the education system's general tendency to accord low status to the study of technology. In other industrial countries, he said, there had been a flourishing of universities providing technological training, with the result that their national wealth had developed.

Here, however, technologists "seem to be slightly ashamed of themselves and positively rush to dilute their studies in the pursuit of other careers which they believe to have greater social significance."

Sir John, who was speaking after receiving an honorary doctorate degree in technology, said that at present the whole way in which society was governed was under challenge. Industry could not respond effectively to the challenges unless its leaders joined with politicians and trade unionists in pursuing two main objectives.

The first was a code of practice for democratic capitalism which would be seen to serve the best interests of "the customer, the employee and the shareholder in that order." The second was the intelligent regulation of redundancy and planned re-development of skills through re-training.

Since to-day's students would be guiding the country's future affairs, Sir John said, the current crisis demanded that the education system should discard out-dated inhibitions.

Lords will hear airline overbooking appeal

Financial Times Reporter

THE LORDS is to hear an appeal against a High Court ruling that airlines which deliverately overbook flights to make sure all seats are filled cannot be prosecuted under the Trade Descriptions Act when a passenger finds there is no room for him.

Three judges in the Queen's Bench Divisional Court decided on June 13 that the wording of the Act does not cover advance bookings; but three law lords yesterday granted the Inspector of Trading Standards for Manchester leave to appeal against the High Court ruling.

The Queen's Bench Divisional Court had allowed an appeal by the British Airways Board against its conviction under the Act by magistrates at Stockport, Cheshire, on August 12 last year.

When the appeal comes before the Lords—probably in October—the law Lords may, if they decide that there was an offence under the Trade Descriptions Act, to go on to decide whether the Board can be held liable for an offence by British Overseas Airways Corporation, the Board's forerunner, for long-haul flights.

The Queen's Bench Divisional Court was told that the economic viability of airlines depended on all seats being filled. A major problem was caused by people who booked but did not arrive for the flight, and overbooking was practised by airlines all over the world.

From time to time, everyone who had booked arrived for the flight and then the airline was in difficulty.

The case against the Airways Board was started by a passenger, Mr. W. J. Edmunds, of Church Hill Crescent, Rose Hill Marple, near Stockport.

He booked on a BOAC flight from London to Bermuda on August 29, 1973. His booking was confirmed by letter, but when he arrived at Heathrow Airport there was no seat for him on the flight.

The Birmingham Mint launches U.S. subsidiary

By Our Midlands Correspondent

THE BIRMINGHAM MINT has set up a subsidiary—the Birmingham Mint of England—to handle directly the group's U.S. sales of medallic and commemorative products. Mr. Albert Cullum has been appointed president of the new group.

Mr. Colin Perry, group managing director, said yesterday that it was believed that the American economy would improve this year and it was a good time to start marketing directly as was done in the U.K.

Fewer tears for onion ring makers

THE BATTERED onion ring manufacturing industry has won relief from the pressure of cheap imports after an application to the Department of Trade for imposition of an anti-dumping duty.

The Department, which has been investigating the dumping allegation, said yesterday that the Spanish producer against whom the charge had been made, Golden Snacks, had agreed not to sell frozen onion rings to the U.K. at a price below 17.5p per pound fob, and to keep this price under review in the light of changing circumstances.

The undertaking has been accepted by the sole U.K. producer, Jovial Farms and as a result the Department will not be taking the application any further.

NVT may put two factories on 3-day week next month

THERE is now little hope of the Cabinet deciding on the future of the motor cycle industry—Norton Villiers Triumph is asking for an investment of £40m.-£60m.—before the end of the month, and possibly not soon enough to prevent NVT from implementing a 3-day week for 2,500 at its Small Heath, Birmingham and Wolverhampton factories next month after the holidays.

The time scale is to be substantially dependent on the speed at which the Boston Consulting Group, of London, brought in by the Department of Industry to study the state and future prospects of the industry, can complete its findings.

Boston Consulting is concentrating all its staff on the project, and while it made an interim presentation nearly a month ago, the full report is expected to run to 200 pages.

This will deal in depth with a small number of alternative strategies, such as high and low volume production, superbikes only versus a wider range, and the implications of the various options on such factors as factory closures and balance of payments.

"We expect to begin submitting drafts in the next day or two to the Department of Industry as they become available, but it is likely to be the end of the month before the report can be finished," Boston Consulting said yesterday.

Mr. Eric Varley, Industry Secretary, obviously needs time to study the drafts before putting the matter before the Cabinet committee. The recent feeling at the Department was that a further injection of Government money on the massive scale visualised by Mr. Dennis Poore, NVT chairman, was unlikely to prove acceptable.

Muddled

The Government will, however, be coming under increasing pressure from the Confederation of Shipbuilding and Engineering Unions to plump for nationalisation which the confederation, on behalf of all the unions involved, proposed as the best solution.

In a carelessly worded letter to NVT workers that muddied the Government's refusal to renew a £4m. line of export credit finance with investment, the CSEU brought down on its head the wrath of both the Small Heath and Wolverhampton factories, who accused the CSEU of having sold them down the river.

Union members reminded the confederation that it had promised to safeguard their jobs in return for withdrawing their refusal to let the Meriden workers co-operative near Coventry go ahead.

There is no doubt that many more NVT employees now feel that the establishment of the co-operative last February with nearly £5m. Government money is indeed a threat to their jobs, in view of the imminence of a three-day week for them—but not for the co-operative, whose output is also being marketed by NVT.

Mr. Peter Turner, Birmingham district CSEU secretary, is involved in a number of moves to remove misunderstanding, regenerate confidence and bring pressure on the Government for an early decision.

"We deplore the way people are being manipulated by statements from NVT and elsewhere to turn against Meriden because it is said there is not enough work for three factories," Mr. Turner said. "My own feeling is that Mr. Poore is only concerned with getting rid of NVT. He doesn't appear to care a fig for the motor cycle industry."

One of the first moves will be a mass rally next week being arranged by Wolverhampton NVT workers. Mr. Turner has written to all the Birmingham and Wolverhampton Labour MPs, and is meeting Mr. Julius Silverman, chairman of the Labour group of Birmingham MPs, with a view to lobbying the Government. In particular they will make the point that if NVT collapses it will affect thousands of other workers in 70 supplying factories. They will also seek to limit Japanese imports.

NVT next week will be disclosing prototype engines of advanced design; and at the same time Mr. Michael Heseltine, Opposition industry spokesman, will speak.

Ersatz tobacco 'has more poison gas'

BY DAVID FISHLOCK, SCIENCE EDITOR

PLANET, the tobacco-substitute cigarette test-marketed briefly by Courtaulds last year but withdrawn prematurely under pressure from the Department of Health, has a higher yield of the highly toxic gas carbon-monoxide than any natural-tobacco cigarette, according to medical research workers.

Another unnamed tobacco-substitute cigarette containing 70 per cent. of natural tobacco had a carbon monoxide yield about average for cigarettes in the medium-to-high nicotine bracket in the Government's "league table," according to the research workers writing in the British Medical Journal.

The scientists also found very wide differences in carbon monoxide yield—a factor of four between the lowest and the highest—in British brands of cigarettes.

They want the Government to add carbon monoxide to the "league table," saying that it "may be implicated in some of the adverse consequences of smoking," and that only since publicity had been given to tar and nicotine yields had cigarette manufacturers "dramatically lowered" their levels.

Carbon monoxide, the toxic component of coal gas, has a powerful affinity for haemoglobin in the blood and can prevent the blood picking up oxygen and, hence, deprive the brain tissue of oxygen. It also causes destructive changes in the brain.

Using a "smoking machine" of their own design, Mr. M. A. H. Russell, of the Addiction Research Unit at the Institute of Psychiatry, and Dr. Peter Cole, consultant anaesthetist at St. Bartholomew's Hospital, London, found that the carbon monoxide yield of mainstream smoke from 11 popular brands varied from five to 20.2 milligrams a cigarette.

They also assayed smoke from a cigar (81.7 milligrams) and two tobacco-substitute products (28.2 and 17.2 milligrams).

They found that the carbon monoxide concentration for each puff rose as the cigarette was smoked, but that ventilated filters were highly effective in reducing the carbon monoxide yield.

● A new call to tobacco companies to stop advertising cigarettes has gone out from ASH, the Action or Smoking and Health pressure group.

The letter, which has been sent to the chairmen of the main tobacco companies, refers to Tuesday's Commons statement by Dr. David Owen, the Minister of Health, that there was good evidence that advertising increased cigarette smoking and that cigarettes killed many people each year.

Bisgood Bishop's profits fall

BY MARGARET REID

BISGOOD BISHOP, the unquoted company which is one of the five largest jobbing concerns on the Stock Exchange, made a pre-tax profit £70,000 lower at £865,000 in the year to May 2, which took in last year's market slump and the later rebound.

Turnover was considerably lower, at £380m., compared with £468m. in 1973-74.

The relatively stable profit record of the company, which two years earlier had returned £1.16m., was maintained in spite of what the chairman, Mr. Cecil Bisgood, describes as the violent fluctuations in share prices, as measured by the FT index, during the year.

"Contrary to popular belief, this lack of stability does not make for profitable jobbing," he says. "In such conditions it is virtually impossible to keep a reasonably balanced book and at the same time to carry out our function of maintaining a competitive market."

The profit performance of Bisgood is less striking than that of another jobber, Akroyd and Smithers, whose shares recently went public, and which in the six months to March made a pre-tax profit of £5.7m.

It compares rather favourably, however, with the showing of Wedd Durlacher Mordaunt, which in the year to January 13, made a £499,000 pre-tax profit, against a loss of £398,000.

The accounts of Bisgood, in which shareholdings of 10 per cent. are held by three outside investors, Williams and Glyn's Bank, Legal and General Assurance and British and Commonwealth Shipping, show a considerable fall in directors' emoluments to £70,000 in 1974-75, from £95,000 the previous year.

Mr. Bisgood as chairman, received £10,733, compared with £17,355. A final dividend of 50p, making 75p, against 85p, is to be paid on the Ordinary and "A" shares.

In his annual statement, Mr. Bisgood reports that the company is extending the number of stocks in which it deals.

Costs were certain to rise this year and to earn god profits in these conditions would be even more difficult. However, they were confident that they were in a position to take full advantage of their opportunities when markets returned to active and more stable conditions.

A. H. Hermann examines the U.S. Federal Trade Commission's restrictions on corporate advertising

When speech can be all too free

WHAT freedom of the Press should be enjoyed by corporations advertising their merits to the public? This is an issue which has been attracting the attention of the U.S. Federal Trade Commission for some time. The Commission has frequently intervened against untruthful product advertising but corporate image advertising, though not an entirely new problem, has been attacked only rarely. Its relative importance is always greater in periods of recession, and during the present one is heightened by political overtones. Consumers are now being exhorted to "vote with their dollars" for companies claiming to pursue particular policies (of racial equality or clean environment, for example), or spending vast sums on research and development.

There has been a growing concern on the part of consumers, commentators and Congressmen about the truth and fairness of claims being made in this sort of "general promotion" advertising. Petitions demanding action against misleading image advertising have been filed by a group of six Congressmen and there were many similar complaints registered by individual consumers and public interest groups.

The type of advertisement which falls into the category of corporate or general promotion is one which describes the corporation, its activities and its policies but which is not explicit about any services or products offered by it. The content of the advertisement may deal with the corporation's research and development programmes and its sense of social responsibility towards the community, employees and the environment. The main objective of this type of advertising is to improve the corporation's image in the eyes of its shareholders, potential investors and creditors. In a recent survey 64 per cent. of all executives asked included this aim in their answers. Consumer relations took second place (55 per cent.) followed by the promotion of product, sales and general trade relations with suppliers or business customers. Finally, about a third of all executives asked cited the improvement of relations with Government as one of the aims of this type of promotion.

The amount spent on corporate image advertising in the U.S. is considerable. The figure in 1972 was estimated to be well above $268m., representing a 20 per cent. increase over 1970. During this period television advertising rose dramatically and reached $161m. in 1972.

What are the advertisers getting for their money? Some answers to this question were given in a study conducted by Thomas E. Ryan Inc. for *Time Magazine* between 1964 and 1972. In addition to the foreseeable findings that "corporate image" advertisements influenced favourably those who read them and enhanced the credibility of the corporation's product claims, the Ryan study came to the somewhat absurd-sounding conclusion that advertisements emphasising corporate social responsibility, influenced favourably even those who believed that business should be about profit and that companies should not be asked to have any social responsibility.

Institutional fund managers who might be expected to rely on direct knowledge and information rather than on advertisements, were found to be greatly affected by corporate image advertising in a survey made for *Barrons Magazine* by Erdos and Morgan in 1971. Sixty per cent. of those asked admitted that their interest, which ultimately led to the purchase of the advertiser's shares, was evoked by such image promotion. This may have something to do with a 1971 Securities and Exchange Commission directive requiring disclosure to investors when compliance with environmental protection rules may necessitate significant expenditure and affect the earning power of the business or lead to material changes in the business programme.

Experience showed that during and after the U.S. recessions of 1949, 1954, 1958 and 1961 firms which did not cut their advertising then had much better sales and profit figures in the following year.

"Unfair methods of competition and unfair or deceptive acts or practices in commerce" are prohibited in Section 5 of the Federal Trade Commission Act in order to protect consumers and competitors alike from economic injury. By contrast, the expression of "honest opinion or belief" by a party not engaged or financially interested in the trade involved is outside the scope of the FTC Act and protected by the First Amendment of the Constitution. But this still leaves the FTC a wide discretion about advertisements which convey a deception or unfair image of the advertisers. Should there be a court review of its decisions, the question will be asked not only whether the statements were deceptive or unfair but also whether they were injurious to consumer and competitor interests.

In one of its very early decisions, in *Wayne Oil Tank Company* in 1918, the Commission prohibited false representations concerning the monopoly status of a corporation. In 1929 it held that it was unfair for a company falsely to represent that its employees belong to a trade union; in *Columbia Pants Mfg. Company* the Commission found that a substantial proportion of the public prefers to purchase articles manufactured in factories using organised labour.

More recent cases dealt with by the Commission concern consumer preferences which are not directly related to their individual economic interest but only to their interest in public good. In 1973 in *Ex-Cello Corporation* the Commission prohibited false claims that milk cartons were biodegradeable and presented no potential harm to the environment.

The FTC appears to be moving into an area full of exciting possibilities and dangerous pitfalls. If a trade union, a local government political group or even a national political party claim falsely that they pursue policies which, in fact, they do not, they have the protection of the First Amendment. If a large company, however, falsely advertises that it has a non-discriminatory employment policy it could be prosecuted by the Commission because it deceived the consumer's expectations and diverted his dollars from companies which really pursue policies favoured by him.

Which false statements are protected by the Constitutional guarantee of free speech and which are not? The U.S. courts have held that an otherwise protected statement does not lose its protection solely because it takes the form of a paid advertisement or solely because it is false. The courts have also recognised that otherwise unprotected statements do not come under the protection of the First Amendment solely because they provide information or deal with issues of general or public interest. The criterion of the FTC is likely to be simple. It will proceed against unfair or deceptive corporate image advertising when its dominant appeal is commercial. If an advertisement is likely to affect purchases, investment decisions or recruitment it has to be true. If it serves primarily to the formation of public opinion on issues of general importance it may continue to be false, at least as far as the Commission is concerned.

LABOUR NEWS

ITV staff agree 20% rise, BBC workers must wait

BY CHRISTIAN TYLER, LABOUR STAFF

INDEPENDENT television staff have agreed pay rises worth up to £22.50 a week, but their BBC colleagues have been told they must wait for to-day's White Paper before they can negotiate.

Some 8,000 ITV technicians, journalists and production staff have accepted "new money" rises of 20 per cent. on salaries ranging from £1,600 to about £5,900 a year.

A similar rise has just been agreed for the 85 journalists employed by Independent Television News.

The deals, with the Independent Television Companies Association, were reached unusually rapidly this year because of fears that the rises would be cut by Government action on wages.

An offer of 19.5 per cent. (with the alternative of 18.5 per cent. immediately and another 4 per cent. later) was improved by 0.5 per cent. in the final stage of negotiations. The increases are paid from July 1.

Meanwhile 19,000 BBC staff are likely to be saddled with a £6 a week pay limit because the Government has stepped in to prevent the Corporation pushing through a quick agreement to avoid pay curbs.

The BBC agreement would not have come into effect until October, but it was hoped to reach early agreement on rises to match the 21 per cent. settlement for 5,000 BBC manual workers payable from August 3.

The Association of Broadcasting Staffs, the main union at the BBC, would not comment yesterday on developments at ITV, but it has said that the Government's intervention would create havoc with BBC differentials.

Last year the BBC set the pace and incurred Government displeasure for exceeding the social contract guidelines.

Furnacemen postpone pay limit verdict

By Roy Rogers.

DOUBTS AS to how the proposed £6-a-week limit on wage settlements would affect shift workers were expressed yesterday by delegates representing 13,500 blast furnacemen.

At the suggestion of Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen, the union's annual conference here decided against committing the NUB either way on the key issue of the limit at the September Trades Union Congress.

The union's TUC delegation will take a decision on the matter in September, by which time it should be clearer as to just how the limit will operate.

Mr. Smith said that his conference delegates wanted to know just how the limit would affect shift workers who make up a high proportion of NUB members. They felt that if everyone was to get the £6, it would be unfair on shift workers unless they also received corresponding increases in shift rates and other premium payments to maintain differentials.

Forerunner

Before winding up, the conference decided against taking part in a new joint consultative body proposed by the British Steel Corporation. The union sees it as the forerunner to moves by the BSC to bring all sections of its workforce under one nationally negotiated agreement.

Delegates said that, in such a situation, the NUB would be swamped by the other steel industry unions, especially the Iron and Steel Trades Confederation, which represents about 70,000 BSC process workers.

The BSC is already attempting to bring the expiry dates of its individual agreements into line by the end of next year, but in doing so has angered the blastfurnacemen, who this week threatened to strike unless the BSC dropped its insistence on a 19-month pay deal for blastfurnacemen.

The strike threat is due to be implemented two weeks from the union's next meeting with the BSC unless the corporation concedes the blastfurnacemen's demand for an agreement lasting no more than 12 months.

No talks had been arranged yesterday and the NUB fully expected the BSC to follow its normal policy and refuse to negotiate under duress.

Leyland settlement is £6 flat increase

BY OUR MIDLANDS CORRESPONDENT

NEARLY 8,000 British Leyland staff at a dozen Austin Morris factories in Wales and the Midlands yesterday settled for individual flat rate £6 a week increases for 37 hours which raises salaries by between 9.1 per cent. and 23 per cent.

The staff are all members of the Association of Professional, Executive, Clerical and Computer Staffs (APEX) which claims that it has settled for the *flat-rate £6 even before it is* official Government policy as a way of saying "thanks" to the Government for its support of BL.

The deal is a rationalisation of many separate schemes into one wage structure which eventually will embrace the whole of BL's car division.

Mr. Ray Edwards, APEX national officer, said yesterday: "It is an honest deal, and was concluded against the background of the Ryder Report on British Leyland.

"In strict cost of living terms our position would have justified a much larger increase. However, the Government has taken action to save jobs in British Leyland. Now, Leyland's staff have accepted a pay increase which will help the Government to tackle inflation."

The increase puts the lowest grade on £42.70 minimum and £46.24 maximum, and the top grade on £3,400 a year minimum and £4,250 maximum. There is a pro rata increase of 49p a week for those working 40 hours.

● A mass meeting of 800 workers at Alford and Alder, a Hemel Hempstead subsidiary factory of British Leyland making front suspensions and other *assemblies yesterday voted to* continue their strike for an immediate extra £10 a week, though their contract does not run out until the end of September.

The strike has cost British Leyland 6,000 cars worth nearly £8m. and is now costing the corporation £2m. a day. There is no production at the Triumph or Jaguar factories, and in the Oxford area the MG Midget and 18/220 tracks are halted. About 11,000 workers are laid off.

On Wednesday British Leyland offered to start talks on a new contract, but told the strikers that unless they resumed severe measures against them would have to be considered. With holidays starting to-day, the strikers decided not to meet again for three weeks.

'Nationalise companies who profit from coal'

BY OUR LABOUR CORRESPONDENT

A CALL for the nationalisation of all private enterprise and holding companies that make "excess profits" out of the coal industry came yesterday on the final day of the National Union of Mineworkers' annual conference.

Delegates demanded immediate talks with the National Coal Board and the Government at which to press for this move together with the re-nationalisation of all parts of the industry that were hived off under the Conservative 1973 Coal Industry Act.

Mr. Joe Whelan, from the union's Notts area and national executive, said that people who *had shown themselves to be anti-*nationalisation and anti-working-class should not be put in charge of State industries.

"We want them run in the interest of the workers and consumers so let's make sure that we don't have the sort of nationalisation that makes our industry a milch-cow for private enterprise.

"We don't want nationalisation where you put back in charge the same people who owned the industry before and who were then anti working-class. To do so is just a con-trick."

In a private rules revision session later, Left-wing moves to ensure *that all NUM full-time* officials both national and area, should come up for re-election every five years was defeated as was a move to have voting on the union's 26-man national executive taken on a card vote basis.

These moves, both of which would have favoured the Left, were opposed by the executive council, which was successful in its attempt virtually to double the 101 total of delegates in future. This decision will not alter the voting strength at the conference.

Kodak cost of living rises consolidated

KODAK, in anticipation of the new pay policy to be announced to-day, has agreed with its 11,000 employees to consolidate *immediately* into basic rates the 12.5 per cent. cost of living increases they received over the past 12 months.

But the company also asked that pay talks for its 9,000 manual workers, who were seeking rises and other benefits together worth more than 40 per cent., should be adjourned until the Government's intentions were fully known.

By consolidating the 12.5 per cent. threshold payments now the company avoids any danger of their being counted towards the £6-a-week permissible pay rise which the government is expected to announce to-day for the coming year.

The Kodak threshold agreement, considered trendsetting when it was concluded last August, provided for 1 per cent. rises—payable quarterly—for each percentage increase in the cost of living once the Retail Price Index had increased by 12 per cent. above its level last August. The last quarterly *instalment* was not due until July 20, but has been brought forward to July 6.

Trawlermen cut wage demand

UNION leaders negotiating a *new pay deal for about* 4,000 trawlermen at three large ports have reduced their demand for a £10.50-a-week "unsocial hours" bonus which would have amounted to about 35 per cent. on present basic rates. The employers have said that some companies would go bankrupt if they conceded such a rise.

22.5% for bank workers

PAY RISES of 22.5 per cent. have been agreed for 10,500 bank workers after a similar settlement for staff in the five English clearing banks.

The latest settlements arise out of arbitration on claims by 4,500 clerical workers at Barclays Bank International and 6,000 messengers in the English clearing banks.

The two groups are represented by the National Union of Bank Employees.

TGWU to probe Ford row

BY LORELIES OLSLAGER, LABOUR STAFF

THE LONDON Regional Committee of the Transport and General Workers is expected shortly to consider complaints by one of their branches in Ford *Motor Company* about alleged left-wing malpractices at the company's Dagenham plant—an investigation that may disclose a good deal of brotherly disunity between Right- and Left-wing members of the TGWU.

The complaint, by the 1,561 TGWU branch at the Ford tractor plant in *Basildon* was largely prompted by the recent strike of about 80 doorhangers and tender-fitters at the Dagenham body plant, which stopped all car production at the plant for eight weeks, made about 5,000 people idle and lost the company about 20,000 cars worth £40m. sales.

The plant has often been described as a troublespot and centre of left-wing activities, but it was the doorhangers' strike that finaly exasperated the right-wing Basildon branch.

The branch in its request for an inquiry, alleged that the official union organisation had lost control at the body plant. "You name it, they've got it. Red Flame, Black Dwarf, Trotskyites, Maoists, International Marxists and Communists," said the Basildon complaint.

Retaliation

What it did not say, but is a well-known fact among union members, is that a number of senior body plant shop stewards are members of the Communist Party. It is against them that the Basildon action is largely directed.

The Dagenham body plant branch quickly retaliated and in turn asked for an official union inquiry on Basildon's decision to circulate its complaint—which is supposed to be an internal union matter—to national newspapers and MPs. Other union members are also upset at this breach of confidence, according to TGWU officials.

Mr. Ron Todd, the TGWU's regional officer in London, said: "If I need assistance from MPs I'll ask for it." The support of MPs is important for the Basildon branch to make sure that the inquiry is not swept under the carpet.

Some time soon the TGWU's regional committee is expected to be approached formally and asked to look at the Basildon allegations and the Dagenham counter-complaint.

The proceedings thereafter appear extremely difficult to predict, but further public eruptions *of animosity between the rival* political factions cannot be excluded.

Canada has long been considered a model for consumer protection but, in many ways, Britain has incorporated the best of its ideas. **Elinor Goodman** reports

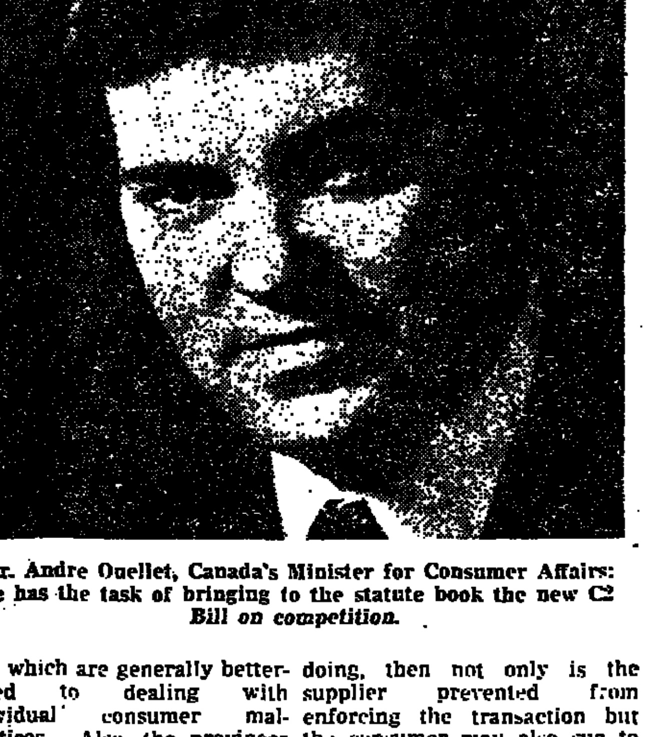
Consumer protection from Box 99

SANDWICHED between commercials for cut price meat and offers of free ice cream with every car bought from a local car dealer, radio stations in British Columbia have been carrying a new advertising campaign.

Each ad. has the same warbling punchline: "Being a consumer is a matter of self defence." Consumers, it says when the music stops, should "question the advertising they hear every day—the kind that doesn't actually lie but bends some of the facts."

The ads. are part of British Columbia's newly-launched consumer programme—a programme which makes people living in the province some of the most cosseted in Canada. Besides infiltrating the advertisers' own media to educate the public, the province has passed a Trade Practices Act which incorporates some of the *most radical consumer measures* in North America.

Canada, together with the United States and Scandinavia, has long been regarded as something of a Mecca by British legislators interested in consumer affairs. Both the Secretary of State for Prices and Consumer Affairs, Mrs. Shirley Williams, and the Director General of Fair Trading, Mr. John Methven, went there soon after taking office and returned with ideas which have since been incorporated in a modified version in the British system.



Mr. Andre Ouellet, Canada's Minister for Consumer Affairs: he has the task of bringing to the statute book the new C2 *Bill on competition.*

Before Britain

One of the first countries to appoint a Minister for Consumer Affairs, Canada sensed the growing political importance of the subject long before the British. Yet now that Britain has moved in the area of consumer protection legislation with the Fair Trading Act, it seems that Whitehall has caught up, in many respects at least, with what has been done on a Federal level in Ottawa, if not with the more radical measures being tested *in some of the* provinces.

British corporate competition policy is generally far stricter than the Canadian system while only in certain areas of consumer protection, such as the definition of what constitutes a *cut price and car safety, is the* present Canadian Federal system tighter than in the U.K.

The situation will change again shortly when the new C-2 Bill, aimed at strengthening existing Combines legislation, finally gets onto the Statute Book. For the moment, however, it is the more progressive provinces—most notably BC—that are the focus of attention. This is partly because of the Canadian constitution which, broadly, empowers the administration in Ottawa to make criminal laws and the Provincial governments to make the civil laws which are generally better-suited to dealing with individual consumer malpractices. Also, the provinces have only relatively recently woken up to the political value *of consumerism and are now* going all out to exploit it, in some cases without much hope of ever enforcing the new laws.

British Columbia for many years was one of the most backward provinces in terms of con*sumer legislation. Under the* long-established, free-enterprise Social Credit Party, the Consumer Affairs Department had a staff of two. Then, when the Left-wing New Democratic Party came to power in 1972, consumerism became a major issue. *The result* was the Trade Practices Act, a piece of legislation which embodied a number of powers unique in Canada and introduced a new word, *unconscionable* into the consumerist vocabulary.

An "unconscionable" practice is basically one which involves an extreme degree of high-pressure salesmanship or some particularly dubious tactic — selling to the mentally retarded, for example. If the court declares that a particular practice is unconscionable, and there is evidence that the supplier knew what he was doing, then not only is the supplier prevented from enforcing the transaction but the consumer may also sue to recover any losses.

The BC Act also includes *another major departure for* both British and Canadian law. Borrowing from the American system, it enables consumers as a group, rather than individual consumers only, to get redress for any breach of the Act. At the same time it allows the Director of Trade Practices to take action against a company on behalf of an aggrieved consumer and gives the courts the power to order a company which has been found guilty of misleading advertising to advertise any judgment against it.

In some respects, however, the Trade Practices Act incorporates features which are similar to those in Britain's Fair Trading Act. The Director of Trade Practices may, for example, require a trader whom he suspects of breaking the law to sign an agreement promising to abide by the law in future in much the same way as Mr. John Methven can in Britain. (The BC Act does go a step further, however, and gives the director the power to order corrective advertising as part of a voluntary agreement.)

But if it is the provinces which are in the lead at the moment as far as dealing with particular malpractices, in the long term it is the Federal Government which will be most important in re-shaping the rules of the market place as a whole. Competition policy has long been a highly sensitive issue in Canada and this year the debate is coming to a head.

When the Department of Consumer and Corporate Affairs was formed in 1967, the idea was to bring together in one place as much as possible of the Federal law governing the market place. This meant that one of its most important jobs *was administering competition* policy as embodied in the existing Combines Investigation Act together with the provisions dealing with misleading advertising which were transferred to the Act in 1969.

Four years after the Department was set up, Mr. Ron Basford, the then Minister, presented his new Competition Bill and in one blow threw the business community into a state of shock. No less than 300 representations were received on the Bill, most of them hostile. Not long after Mr. Basford was *moved to another portfolio* and the Bill was shelved, leaving the Department to do its best with the old Combines legislation.

Since then the Government has introduced a number of important acts affecting the consumer, such as the Motor Vehicle Safety Act and the regulation making open date marking for food mandatory, but it was not until two years ago that any real progress was made on competition policy. Then, in the autumn of 1973, Mr. Herb Grey, the fourth Minister of Consumer Affairs to tackle the job, introduced the basis of the Bill which is now known as C2.

In effect, it is the more palatable side of Mr. Basford's Competition Bill and in many respects goes no further than the British Fair Trading Act. If, as expected, it finally reaches the statute book at the end of this year under the guidance of the present Minister of Consumer Affairs, Mr. Andre Ouellet, it will broaden the existing anti-price fixing legislation to services in much the same way as the British Fair Trading Act and extend the misleading advertising provisions to include all kinds of misrepresentations to the public—as in British Columbia, verbal sales pitches will thus be covered by the law.

At the same time it will clamp down on pyramid selling and take the Combines legislation into the area of civil law for the first time. Under the new law, the Restrictive Trade Practices Commission will be able to look into such practices as refusal to sell under civil review powers, while consumers will also be able to sue for damages resulting from breach of the law.

Meanwhile, the side of Mr. Basford's Bill which dealt with mergers, and which was so bitterly fought by the business community, is currently the subject of an all-party study group which is due to report in the autumn. As well as introducing much tighter controls over mergers, it is suggested that Stage Two, when it finally emerges, could also incorporate provision for class actions.

Bitter test

As far as consumers are concerned, the bitter test of the efficiency of any protection programme is usually how easy it is to get an unsatisfactory deal put right. The Federal system in Canada makes setting up a nationwide complaints system difficult, since some complaints fall within Federal jurisdiction and others within Provincial law. But when the Department of Consumer Affairs was first set up, it established an ambitious, and much publicised scheme, for complaint handling, called Box 99. This enables consumers either to write or telephone their complaints to one central office in Ottawa and is a useful listening post for consumer grievances.

In the event, Box 99 became, in the words of one official, "a dumping ground for hopeless *problems" and now the system* is being decentralised with the creation of five regional offices and 25 district offices together with a network of other offices which are designed to try to spread the net wider than the mostly middle-class consumers *who turned to Box 99 for help.* Some provinces also have their own consumer complaint centres in the main shopping areas along much the same lines as the British advice centres, but the standard of complaint handling varies very much from one province to another.

Blue Star to recruit from universities

By James McDonald, Shipping Correspondent

BLUE STAR Line, a leading British shipping company and a member of the Vestey group, is to recruit university graduates on short-service commissions, similar to the scheme operated by the *Armed Services.*

This move towards short-service commissions is a break in tradition in the Merchant Navy. Mr. Ian Milward, general manager of Blue Star Ship Management, said yesterday that there was a big wastage among junior officers in the Merchant Navy and that the normal entry, as cadets, aged 16 to 18, was disappointing in standard.

The Merchant Navy's manning problem was identical to that of the Armed Services. "I am sure this scheme will provide a solution. The university training should enable graduates to absorb an accelerated training period very quickly."

Under the Blue Star Line scheme, graduates will start as officer trainees at a salary of about £3,000, with the rank of fourth officer after a year. Within the five-year commission period a graduate, after obtaining a first mate's certificate, could earn over £4,000 a year.

Ellerman Lines orders ships in W. Germany

By Our Shipping Correspondent

ELLERMAN City Liners—part of the Ellerman Lines group—has placed orders for three conventional cargo ships believed to be worth between £10m.-£12m. with the Bremer Vulkan yard in West *Germany.*

The ships, of about 16,000 tons, are based on the German Libertyship replacement design, with adaptations by Ellerman. Ellerman approached British, Polish and Japanese yards before placing the orders in Germany.

One factor in favour of the *German yard was quick delivery* —the ships will be completed in June, July and August next year —and the other was the fixed price offered.

BR FISHGUARD FERRY READY

After a £1m. six-month conversion on the Tyne by Swan Hunter the 6,700-ton British Rail ferry Avalon is due to move to Fishguard this week-end.

Formerly on the Harwich-Hook route, the vessel has been converted into a drive-on, drive-off ferry for the Fishguard-Rosslare run.

HOME CONTRACTS

Davy-Loewy wins £2.5m. British Steel order

DAVY-LOEWY, a subsidiary of Davy International, has won a £2.5m. order to supply a stainless steel rolling mill to British Steel Corporation. The Sendzimir reversing cold rolling mill will be supplied to BSC's special steel division, as part of the project to double capacity for stainless steel flat products.

*

CHLORIDE INDUSTRIAL BATTERIES, Swinton, Manchester, has received orders worth more than £1.25m. These include batteries for Post Office telecommunications regions throughout *Britain.*

*

HAMPDEN FURNITURE, part of Gymnastic Equipment Engineering Company, Milngavie, has won a contract for the manufacture and supply of all fitted and loose furniture at Pollphail village for Sea Platform Constructors (Scotland). The order, worth more than £200,000, involves bedroom and living accommodation for 360 men to be employed at the Portavadie worksite on the building of concrete oil production platforms.

*

TULLY ENGINEERING COMPANY, Newark, has been awarded a £164,000 contract for the design, *manufacture and erection of a* portal frame building at the Cantley works, near Norwich, of the British Sugar Corporation.

*

WALTER LILLY AND COMPANY, a Lovell Construction company, has been awarded a £150,000 contract by the governors of St. *Bartholomew's Hospital,* EC1. Work, which starts shortly, involves structural alterations and rebuilding in the women's outpatient and radiography departments.

*

ELECTROLOID, Aylesbury, Bucks., has received an order worth more than £100,000 from Ardel, Welwyn Garden City, Herts., for a fully automated plant for plating fastening devices used in the aerospace and general engineering industries.

*

BAILEYS (SCOTLAND) of Dundee, has won an order worth about £235,000 for the complete electrical installation at Edinburgh Airport's new terminal building. Work will start in September and is due for completion in early 1977.

*

SIR HOWARD GRUBB PARSONS & CO. (part of the Reyrolle Parsons Group) is to grind and polish a new primary mirror for the Royal Greenwich Observatory's Isaac Newton telescope under a £100,000 contract from the Science Research Council.

*

SEAFORTH MARITIME has been awarded an £850,000 contract to provide a deep diving system for the underwater training centre, a joint government-private enterprise centre which is being established at Fort William by Shenley Trust on behalf of the Training Services Agency. The system is scheduled for delivery within 28 weeks. It will have a 675ft. depth capability and consist of three deck decompression chambers, one transfer lock and one submersible decompression *chamber with associated life* support systems.

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W. H. SMITH AND COMPANY (Whitchurch) has won contracts worth more than £850,000. The first, worth £230,000, is for the supply, fabrication and erection of 900 tonnes of steelwork for the BP power station at Grangemouth. The supply and erection of 560 tonnes of steelwork, representing £270,000 in value, will form the shell of the new refuse disposal works at Tyseley for West Midland County Council. The third contract, worth £370,000, is for the supply of 9,000 tonnes of steelwork to form the basis of a new jetty on the island of Flotta, in the Orkney Islands.

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M. AND H. TUNNEL AND CIVIL ENGINEERING, Sheffield, has received a contract worth about £500,000 to drive a 1.5km length of segmental tunnel as part of *the Darwen sewer contract No. 3* placed by Blackburn District Council.

North Sea oil conference for Oslo

PROBLEMS affecting the development of the North Sea oil industry will be discussed at the second Scandinavian and North Sea Conference, at the Hotel Scandinavia, Oslo, on September 1 and 2.

Speakers include Mr. E. Erichsen, Permanent Secretary to the Norwegian Ministry of Finance: Mr. Edmund Dell, British Paymaster General: and U.S. Senator Dewey Bartlett. The chairman will be Mr. Jo Grimmond, MP.

Forums on banking, tax and ownership matters will be held, together with a study of the new areas of oil activity in Europe. The conference is organised by the Financial Times.

ROPNER LAYS UP BULK CARRIER

The bulk carrier Bridgepool, (17,300 tons) which has been under repair in the Tees, is being laid up at Hartlepool on Monday by the Ropner Shipping Company, of Darlington, because no work can be found for her. It is the first time for many years that the company has had a vessel idle.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Increased efficiency and reduced labour costs in its forestry fertilisation programmes have been secured by BEAS Helicopters through the introduction of two new pieces of equipment. Specially designed bags containing a full helicopter hopper load of 15 cwt, instead of the standard 50-lb bags, are used in conjunction with an 18-cwt lift capacity crane having a fully extended jib reach of 21½ feet. The crane is of low profile to give safe working under the rotor and is a design by James Jones and Sons, of Larbert, Stirling, which has mounted it on a Mercedes Unimog. The bags are by Lo-Lift, of Knaresborough, and only one man is required to release the one bag per flight and oversee its decanting. BEAS Helicopters is at Coventry Airport, Baginton, Coventry CV8 3AZ (0203 304231).

● TRANSPORT

Safety belt study for coaches

BRITAX is investigating the adaptation of its approved safety seat belts to fit commercial motor coach seats, in a move to reduce passenger injury in impact situations.

Britax has already fitted seat belts to Ministry of Defence coaches and is a regular supplier of special harnesses and belts for the conveyance of disabled passengers in mini-coaches.

The company is discussing methods of seat belt installation with major coach builders, but there are basic initial problems It would appear at first sight that a lap type belt, similar to the aircraft safety belt and fitted to the coach seat, is the answer.

However, until the passenger seats are stressed to at least 10g (10 times the average weight of the passenger), it would be safer to anchor the belts to the floor structure

Government legislation, making the wearing of seat belts compulsory in coaches would provide all parties with the necessary impetus to come up quickly with an effective solution, is the Britax company's opinion.

Britax is at 46 Chertsey Road, Byfleet, Surrey. (01-914 1121.)

● INSTRUMENTS

Monitor to apply stimuli

CAPABLE of supplying programmed stimulus-generating signals an activity monitor available from G. V. Planer is for use in the life-sciences and medical fields. Other applications exist in such diverse fields as ergonomics, ecology and traffic analysis, in which the stimuli or applied restraints are externally generated.

The equipment was developed by Planer from an original concept of Professor G. Thinès, of the Centre of Experimental and Comparative Psychology, Louvain University, in Belgium where a prototype unit has been in use for several years.

The activity monitor is a multi-channel event recorder having the additional facility for supplying programmed signals for the generation of stimuli to experimental subjects. Events in up to 120 separate channels, ranging from—for example—the passage of vehicles, to the reaction of subjects to programmed stimuli (as monitored by appropriate sensors), are integrated over short periods. The summations are recorded regularly over extended periods, which may be up to several months. The system can also be used in the feedback mode, in which the subject can control its environment, for example, by adjustment of temperature or light intensity. Print-out of data is in a form readily applicable for time series analysis (by computer, for instance).

The equipment, designed in modular form, incorporates advanced CMOS logic circuitry throughout. Accessories, including environmental chambers, various types of transducers and appropriate interfaces can also be supplied to order.

For further information, contact L. S. Phillips, G. V. Planer, Windmill Road, Sunbury-on-Thames, Middx. (Sunbury 86262).

● HEATING

Heats with highest efficiency

A HIGH-TEMPERATURE, high-velocity heating system, using direct-fired natural gas and claimed to be the largest application of its type in the world, has been installed successfully in the 12.5m. cubic feet (405,000 square feet) extension to the Green Shield Trading Stamp Company's massive warehouse complex at Daventry.

Performance specifications were established by IDC, of Stratford-upon-Avon, who designed and built three stages of the Daventry development. The system itself was designed and installed by Casaire.

The Casaire HTHV system achieves a net thermal efficiency of 100 per cent. — as against 80 per cent. with conventional boiler systems — and is thus much cheaper to operate. In addition, the heat-up time for the building is only 20 minutes, and net overall fuel saving compared with a conventional system is more than 20 per cent.

Variance of temperature from floor to roof (36 feet) has been found to be as little as 3 deg. C. The air heaters themselves are so compact that they can be housed outside the warehouse in a fraction of the area needed for a conventional boilerhouse and without the need for chimneys. Plant rooms can be between 25-30 per cent. smaller than boiler-houses for traditional gas-type boilers.

Four Casaire HTDF air heaters, capable of producing a total of 29.5 million BTU/hr. have been installed at Daventry for warehouse heating. Plants 1 and 2, each of 7.5m. BTU/hr. capacity with large filter chambers are housed in one location occupying only 900 square feet. Plants three and four of 7m. BTU/hr. and 7.5 BTU/hr. capacity with large filter chambers are housed in another location occupying only 800 square feet. Plant three also serves the workshop and stores areas with high level venturi diffusers and patented small floor mounted induction units.

The installation has proved to be a complete success and reservations concerning the injection of combustion products into the atmosphere have been overcome. The system has been contrived to be entirely safe and practical, and the concept of direct gas firing into the air stream appears to have a wider variety of applications than was thought originally.

IDC is in Stratford-upon-Avon, Warwicks. Stratford 4288.

● FINISHING

Helps the powder adhere

JENOLITE Division of Duckhams Oils (Rusham Road, Egham, Surrey) is now marketing a product called Seelfos E for the treatment of aluminium and steel, prior to epoxy powder coating.

Following solvent degreasing, Seelfos E is applied to the metal, using immersion or spray. After drying for about 5 minutes, the metal is ready to receive the epoxy resin coating.

The company says Seelfos E coatings produce a condition which is fully equivalent to that normally resulting from lightweight iron and zinc phosphate coatings, without any need for elaborate plant.

● DATA PROCESSING

Molecular rises from the ashes

AFTER THE collapse last year of Business Computers due to cash flow problems, the new owners, Computer World Trade have had the difficult dual task of imposing sound financial routines while establishing credibility for the re-born company, Business Computers (Systems), its products and its supporting services.

An indicator of progress so far is that first year sales totalled £925,000, representing 25 new systems, 64 enhanced installations and the sale of 54 standard software packages. Commenting that the Receiver had been "very helpful" and that CWT had "put a lot of money in." new managing director Mr. T. M. Park emphasised that there was at the same time a "need for orders from the Government," particularly in view of the all-British nature of the operation.

Product innovation has continued. The Molecular 6M(E) small scale business system was launched last year with standard software packages for accounting applications and has had a measure of success.

This week the company has launched Molecular 18M(E), an enhanced version of the 18M Mk. 2 with double the power, designed for customers who use many specially written programmes or who require multi-access or multiprogramming operation. Up to 64 peripheral units can be handled by the machine which can have from 48 to 128 kilobytes of store. A typical equipment installation of 48 k CPU, double disc drive, two VDUs, a 200 lpm printer and system console costs around £30,000 including intrinsic software.

A more important announcement from the company however is of the Molecular 3M(E) which it claims is the cheapest disc-based configuration available. It consists of a typewriter-style input keyboard with visual display, a central processing unit of 16 kilobytes, a disc store with one fixed and one interchangeable disc, and a 75 character/sec printer. The price is £10,000, which BCL claims is about £5,000 less than any comparable system at present available

The 3M(E) is end-user orientated for medium and large sized companies to provide stock and sales accounting, bought and nominal ledger accounting and comprehensive payroll functions for up to 6,000 employees. The hardware and software are designed for specific functions, and hardware cannot be extended.

The machine perhaps is the outcome of Mr. Park's current philosophy for the company, which is that it should try to reduce the amount of variability in the products offered to its customer base of 1,000, later extending this thinking into the industry as a whole.

"BCL is determined to create and establish industry standards" states Mr. Park. But then so are a number of other computer makers.

Floppy disc where the work is

RECENTLY PUT on the market by Ventek is the Discette 1100, a floppy disc-based 16k computer system which it is claimed, makes it financially attractive (at about £6,000) to place a powerful and complete data processing system with random access storage at locations where business is transacted and important data collected.

Discette 1100 consists of a general purpose computer, 16k of fully programmable memory, a 12 line 80 character high speed crt display, a full ASCII keyboard and up to four discette units each holding up to 256,000 characters of program data.

Peripherals available with the 1100 include a choice of printers from 30 cps to 300 lpm, disc units from 2.4 to 20 million bytes each, a range of magnetic tape units, slave VDUs, 80 and 96 column card readers and punches, paper tape readers and punches and optical mark readers.

Software available includes an assembler, BASIC, RPG11, Dataform and Databus programming languages, emulation software for most mainframe manufacturers' communications terminals and a large number of utilities. Ventek is at Station Road, Harrow, Middx HA9 6ER (01 903 8261).

GROVE

● MATERIALS

Protection for metal cladding

PRE-COAT paint film for the British and European pre-coated coil market, Interclad 500, has been developed in the laboratories of International Pinchin Johnson's packaging and coil coatings division.

It is based on Kynar 500 polyvinylidene fluoride resin, extensively used in the U.S. on pre-coated steel and aluminium for the building industry.

In the U.S., buildings clad with steel or aluminium pre-coated with Kynar 500 paint are in excellent condition after 10 years as the resin system gives toughness and durability in external weathering conditions.

As a result of extensive testing carried out with Interclad 500, it is thought the coating will retain a good appearance for periods of up to 20 years.

IPJ can supply Interclad 500 in a standard range of 13 colours, plus black and white. Experience has shown that coated steel and aluminium can be formed into many profiles without cracking, chipping or flaking of the coating and also have the properties of withstanding exposure under different climatic and corrosive industrial conditions.

Lubricant for drawing

BARRIER lubricant which meets the challenge of high working pressures in cold forging, drawing and extrusion that soemtimes approach the upper strength limits of available die materials is being marketed by Guardian Barrier Lubricants.

"Drawex" has proved to be a particularly effective lubricant for use in tube and wire-drawing operations with alloy copper, brass, titanium, copper nickel and stainless steel, in addition to being generally suitable for protection in the cold drawing, forging or extrusion of practically any metal.

Guardian is at 92 Foxberry Road, London SE4. (01-652 2952).

● PROCESSES

Production on big pvc calender

COMMISSIONING has been completed of a new £1½m. calender complex for Bernard Wardle and Co. which gives its Duraplex subsidiary in Edinburgh the most modern equipment of its kind in Europe for the production of high quality semi-rigid and rigid glass clear pvc foil, film and sheet.

The decision to make the investment was taken in 1972 when Krauss Maffei of Munich was commissioned to design and build a highly automated 2 metre wide four bowl "L" calender capable of consistently producing the very highest quality glass clear and opaque plasticised and unplasticised pvc foil, film and sheet of between 70 and 750 microns in thickness and up to a maximum of 1,650 mm. in width.

It is in the packaging and stationery trades, where high speed automatic converting machines demand feed materials of consistently high quality, that Duraplex see the main demand for the products which will be produced on the new calender.

Duraplex is at Inglis Green Road, Slateford, Edinburgh EH14 2HY. 031-443 6101.

Cooling costs cut

COOLING WATER drawn from town mains is becoming increasingly expensive, leading industrial users to adopt closed-circuit systems

Latest model, the RP 75, in the Girma range of water chillers from France is now being imported by Regis Machinery (Sussex), Richmond Road, Bognor Regis (02433 25661). It has a heat extraction capability of 71,420 Btu/hr. suitable for use with plastic injection, blow-moulding and thermoforming machines, machine tools, air conditioners, and other processing plant.

The company claims that the cost of installation can be recovered in 18 months.

● HANDLING

Beet loads move faster

AN INCREASE of up to 30 per cent. in the unloading rate and beet storage at the British Sugar Corporation's factory at Cantley, near Norwich, will, it is claimed, be achieved by new plant to be installed there. It is being designed and fabricated by W. W. Brown and Partners, Sandpit Road, Dartford, Kent, (Dartford 21481).

Beet handling capacity will be increased by 1,500 tonnes/hr. by the installation of a travelling boom stacker system. Lorries will discharge at ground level at five positions—two provided with hydraulic ramps from which lorries will discharge beet into hoppers, and three with hinged loading gates for self-discharge.

Beneath the hoppers (each can hold up to 20 tonnes) there will be an apron plate feeder 1.5 metres wide, each with a variable capacity of up to 500 tonnes/hr. The five feeders discharge on to a 2 metre-wide troughed belt conveyor with inclined centres of about 85 metres, running at 114.3 metres/min. This conveyor feeds at right angles to the main conveyor.

Main conveyor is a 2 metre-wide travelling boom stacker and will create a stockpile on either side—a system which ensures controlled placement and minimum damage to the crop. The boom travels over a distance of 91.5 metres at a speed of 0-1 metre/sec. and can slew over a radius of 13.71 metres through 270 degrees, and luff between 15 degrees and 20 degrees.

● SECURITY

Cameras to spot the criminal

CRIME AND THEFTS can be successfully detected by the use of photographic surveillance to provide clear photographs showing events and the persons involved. Chubb Alarms is installing 35mm cameras in situations where photographic surveillance is more suitable than closed circuit television.

For use during hold-ups, the camera is designed to operate as soon as any "bandit switch" is used when two pictures per second are taken for 6½ minutes if a completely unexposed film is in the camera. This can be successfully used in banks, wages offices, building societies, betting offices, and other places where large amounts of money may be on the premises.

By pressing a special hidden button connected to the camera staff can take a photograph of any suspicious person. This is of particular use in all places where cheques and/or credit cards are presented.

To keep a constant check on areas where there is almost continuous movement by people, the camera can be set to take photographs either continuously at pre-set intervals or when alarm detection devices linked to it trigger. Examples of situations which allow these types of photographic surveillance to be applied are in restricted areas, loading bays, and stockrooms

Clear photographs can be produced from the easy to load, magazine type, black and white 35mm film which takes up to 730 shots. Service, prompt processing, replacement magazines and storage facilities for unexposed films are provided for each camera.

Chubb Alarms Group is at 01-262 3250.

TV systems to order

TWO WEST Midlands companies are together offering a closed circuit television installation service (CCTV).

The firms are Walsall Conduits which has been appointed distributor in the West Midlands for CCTV systems made by the Sharp Corporation, and James Ward (Worcester) which has been appointed installation contractor.

Five basic systems are being offered for applications ranging from security and traffic control to monitoring industrial processes.

Details of the service can be obtained from Walsall Conduits at Deykin Avenue, Witton, Birmingham B6 7JI or from James Ward (Worcester), 41 Checketts Lane, Worcester WR3 7JR.

● ELECTRONICS

Automatic assembly and testing

Rank Xerox has invested over £1m., spread over the past three years, on an automatic assembly and test facility for printed circuit boards at its plant at Welwyn Garden City, Herts.

The system can process up to 250,000 printed circuit boards a year and this facility, now in full operation, is believed to be the most advanced of its kind in Europe.

Within every Rank Xerox machine are nests of printed circuit boards in stacks which comprise its electronic heart. The company says the facility has been installed to safeguard Rank Xerox's supply by maximising high technology production techniques.

As an example of the increased productivity obtained, the first computer controlled operation of the process is performed on a machine called a Sequencer. The Sequencer selects individual components, such as capacitors, resistors, transistors, diodes and semi-conductor components and provides them on a bandolier in correct order for a machine called an Inserter to asemble them on each "blank" board.

While a typical rate for hand insertion would be 100 components an hour, this machine will insert at the rate of 4,000 an hour.

Finished circuit boards are tested automatically. Each test sequence is controlled by either a pre-recorded magnetic tape, or computer, the automatic test equipment subjecting the circuit to around 10,000 electronic checks in a matter of seconds. These tests would be an impossible manual task.

The equipment and programmes were designed by Rank Xerox.

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PARLIAMENT

Industry Bill clash switches to Lords

BY JOHN HUNT

THE INDUSTRY BILL is not designed to hit or hurt anyone and has been clouded with quite unnecessary controversy, Lord Beswick, Minister of State for Industry, told the Lords yesterday when the Bill was debated on second reading in the Upper House.

But from the Conservative front bench, Lord Aberdare described it as a thoroughly bad piece of legislation and declared that the only remedy would be for a future Conservative Government to repeal it.

Lord Beswick argued that the measure was designed to help industry and all who work in it. It was intended to provide new investment, secure higher productivity and establish a new pattern of co-operation between Government and industry.

He quoted figures showing the low level of industrial development in Britain and said that none denied the need for action to regenerate some sections of industry in the U.K.

"*Making all allowances*, it could not be claimed that market economy in this country has produced the result we want," he said.

Lord Beswick recalled that the CBI had been concerned about the way the National Enterprise Board might operate in acquiring shares.

He declared: "In no circumstances will the NEB engage in warehousing—the building up of a major shareholding in secret *by acting through a number of* separate bidders. The Board will be subject to the provision in the Company Act of 1967 which requires anyone getting a 10 per cent. equity holding to declare it."

Lord Beswick also dealt with Schedule 4 which remains in the Bill despite Government attempts to remove it on report stage in the Commons. The Government suffered two severe defeats in the Commons over the attempt to take the schedule out.

Schedule

Lord Beswick explained yesterday that the Government was still committed to the principle that it should provide projections for industry. But he emphasised that the schedule would require some amendment if it was to remain in the Bill as a practical proposition.

As it stands, the schedule requires the Treasury to provide detailed economic forecasts to other Government departments and other bodies which require them.

For the Conservatives, Lord Aberdare argued that the Bill was an extraordinary way to go about regenerating industry. It had, in fact, antagonised all those the Government claimed that it was setting out to help.

The NEB was an industrial conglomerate which would collect a large amorphous selection of companies. It had no financial target and was threatening to throw its weight around as it pleased on the industrial scene.

"No wonder it is viewed with anxiety and suspicion by private industry," he observed.

He rejected Lord Beswick's criticisms of the performance of private industry. The reason for insufficient investment had been falling profitability.

The NEB was not the right solution. It moved in the wrong direction towards more State control and State-dominated economies on the Eastern European pattern.

"The Bill coupled with other Government actions has caused a loss of confidence in industry and the launching of the NEB in their midst is hardly the way to restore their confidence."

Lord Rochester (L) said there was a need for cases such as that of British Leyland to be handled in a better way than in the past.

He recognised that the NEB could provide a useful framework. It was wrong for Parliament to be suddenly told that the jobs of hundreds of thousands of people were at stake unless *millions of* pounds were injected into ailing firms.

He was more than ever convinced that if Britain's national economic and industrial problems were to be solved, the solutions put forward by any government had to have the support of all parties.

"A sense of true partnership between management and employees is unlikely to result through an Act of Parliament which puts compulsion on one party and nothing at all on the other."

Lord Peddie said that the Conservative party statement that it intended to repeal the Act, was an indication of "utter political irresponsibility."

Industrialists recognised the need for Government intervention in crtain areas. "No one can reject the right and indeed the dire need for some measure of public intervention," he said.

Lord Orr-Ewing said this was not the right time to further the public sector of industry. "We have gone further than any other Western European country in nationalisation and we have some 20 basic industires nationlised at present. There is much work to be done in those industries which are already nationalised without spreading this process."

½p. coin stays—Minister

THERE IS no intention of abolishing the ½p coin, Chief Secretary to the Treasury, Mr. Joel Barnett said in the Commons yesterday.

Replying to **Mr. Marcus Lipton** (Lab., Lambeth C) the Minister added that no early decision was likely on the 2½p coin (the old sixpence) although the position was being kept under review.

Buying power

TAKING THE internal purchasing power of the pound as 100p *in February 1974 its value in May this year is estimated to be* 75½p. **Mr. Robert Sheldon, Treasury Minister of State**, told the Commons yesterday.

He said this estimate was based on the change in the general index of retail prices.

A familiar crisis scene—with the Speaker hampered by his wig

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

IN MOMENTS of crisis, the Labour Party is expected to present itself publicly as in process of being torn apart. Those who prefer familiar patterns could not have been disappointed in the political spectacle provided by Labour MPs in the Commons yesterday.

The political clash between the Government and the Opposition during Prime Minister's question-time was a mild agreement to differ compared with the ferocity of one Labour MP confronting another in the cause of overcoming the country's economic crisis.

Right-wing Labour MP Mr. Andrew Faulds gratingly referred to Left-wing MP for Bolsover, Mr. Dennis Skinner, as "my honourable friend, the beast of Bolsover."

Mr. Faulds who had been urging upon Mr. Harold Wilson the need for tough economic measures, wanted the Speaker's ruling on his rights *of reply* to accusations he felt had been made against him by Mr. Skinner.

Mr. Skinner, it seemed, had suggested that Mr. Faulds was never in the House when he should be.

Mr. Faulds loudly declared that "most *Labour MPs* spend every day of the week in the interests of their constituents—rather than plotting in the tea rooms and in the House against the Government."

With some Labour MPs supporting Mr. Skinner, arch-opponent of statutory incomes policy, and others cheering for Mr. Faulds, the Speaker, Mr. Selwyn Lloyd, declined to rule on the confrontation. "There are some times when my wig falls conveniently over my eyes," he said.

But even then, Mr. Wilson was unable to resume his replies to the questions set down on the Order Paper.

Before he could do so, Mr. Skinner was on his feet telling Mr. Faulds that one way he could air his views was to "write expensive articles for the Times explaining what he has to say, and assist in the matter by smashing the next incomes policy in the process by getting more money than he did for the last one."

The Speaker intervened to suggest that "this sounded very much like a tea-room argument."

When Mr. Wilson was able to get a word in, he disclosed that he and not Mr. Denis Healey, the Chancellor, would be making the statement promised for to-day on the Government's economic policy.

The row in anticipation of that policy lasted for an hour yesterday, and Mr. Wilson, himself, was embroiled in the acrimony from the Labour backbenches.

His former Minister, Mr. Eric Heffer, warned him that if the measures proved to be contrary to the party's election manifesto, then Mr. Wilson would have to say whether he had been a "knave or a fool" during the election campaign. Tory MPs, fascinated spectators of this demagogic punch-up, were only occasionally able to intervene, and had to listen to Mr. Heffer calling on the Prime Minister to explain how the party's manifesto had come to be abandoned.

The manifesto, Mr. Heffer pointed out, had foresworn any legislation to deal with incomes. But all the indications were that the proposed White Paper to be issued to-day would introduce just such backup legislation.

Mr. Wilson faced this dilemma without blinking. His own knowledge of the manifesto was equal to that of Mr. Heffer, he declared.

"You will remember that the important and key section of the manifesto said that the Government's highest priority would be the attack on inflation," he told his rebellious backbencher.

"You will, I think, even iwth your highly developed critical faculties, feel that what we are proposing is of the highest relevance to that."

Anyway, Mr. Heffer's quotations about the manifesto were not strictly in accordance with what it had actually said, the Prime Minister maintained.

But with the Left-wingers in full cry, and Mrs. Marget Thatcher, the Opposition leader, complaining, without success, of lack of information from the Government, the moderates on the Labour backbenches rallied in support of Mr. Wilson.

He was told by Mr. Jack Ashley (Lab., Stoke S.): "The bed-rock of any effective economic policy is the consent of the TUC, and the Prime Minister deserves the congratulations of the whole House for securing that consent."

Reserve statutory powers, however, were vital to the interests of the majority whose word was their bond, and who were realistic enough to recognise that if this policy were smashed then the living standards of all trade unionists would be smashed, said Mr. Ashley.

Earlier, questions to Treasury Ministers had disclosed the same rifts in the views of Labour MPs.

They and the Tories combined only to protest when the Speaker over-ruled questions on Government plans for reducing inflation. Mr. Selwyn Lloyd pointed out that a Government statement on these matters was expected to-day and that, therefore, the House would do better to proceed to the next questions on the Order Paper.

Sir Geoffrey Howe, "shadow" Chancellor, and other MPs on both sides, urged the need to influence the Government's anticipated decisions. But the Speaker reminded them that he had discretion in these matters and there would be ample time for questions when the Government statement had been made.

The Tories reiterated the need as they saw it, to impose cash limits as a means of controlling public expenditure.

Treasury Chief Secretary, Mr. Joel Barnett, said that cash limits would be fixed for wage bills in the public sector.

The Government would employ a system of cash limits more generally as a means of controlling public expenditure in the short term.

But the intention, said Mr. Barnett, was that in appropriate cases the existing system of controls in real terms should be reinforced by cash ceilings on expenditure in the years ahead. The Chief Secretary told Labour Left-wingers that cash limits were another means of controlling public expenditure. Excessive public sector wages must inevitably have an effect on public expenditure, he maintained.

'Jobs crisis for school-leavers'

THIS YEAR would see the biggest crisis since the depression for school leavers. Opposition education spokesman Dr. Keith Hampson (C., Ripon) said in the Commons yesterday.

Speaking in a debate on postgraduate education and educational maintenance allowances he said that the *collapse in job* opportunities now coming before local career officers was absolutely staggering.

"In most parts of the country there are only 30 per cent. of the vacancies of last year and in places like Yorkshire only 25 per cent. What is going to happen to these people?"

This was not simply a problem for the Department of Employment but also for the Department of Education and Science. They *had* a role to play. Greater alternatives in further education should be provided.

The debate, on the reports of the Expenditure Committee on postgraduate education and on educational maintenance allowances, was earlier opened by the Committee chairman, Mr. James Boyden (Lab., Bishop Auckland) who said there was a massive waste of talent because an unduly high proportion of children of manual workers left school at the earliest possible age.

He was concerned that too much of the money available for grants was being spent on postgraduates and insufficient on younger students. The report had pointed this out.

Mr. Neil Marten (C., Banbury) said he retired as chairman of the committoe in February last year. He thought parents and pupils should all be informed of their rights under the educationl maintenance allowances scheme.

It was believed that some children left school at school leaving age, although they wanted to continue their studies, because they did not know of the scheme.

Liberal education spokesman **Mr. Clement Freud** called for careful scrutiny of students wanting to go on to one-year post-graduate education. "Staying in the cocoon of another year in university does seem more attractive than it obviously is, and costs the country a great deal of money. I am doubtful of the over-riding benefits of an MA opposed to a BA."

Under-Secretary, Education, **Miss Joan Lestor** said: "A new approach can only be studied properly in the context of family support through the social services, perhaps in the relationship between education benefits and the new child benefit arrangements."

The Government's reply would be published in the form of a White Paper, but she could not give a publication date.

Dealing with grants, Miss Lestor said that some of the report recommendations had already been put into effect. Most local authorities accepted the principle that grants for students under the age of 18 on non-advanced courses should be equivalent to the amount that would have been spent on that student if he had remained at school.

"We are in sympathy with the Committee on many points and I am well aware of the defects in the present system," she added.

CBI will co-operate if policy is fair—Watkinson

*INDUSTRY IS prepared to co-*operate with the Government and TUC in fair and balanced policies which seek to unite the nation to fight inflation, Viscount Watkinson, president-elect of the CBI, told the lords yesterday.

At the same time he bitterly criticised the Government's Industry Bill which sets up the National Enterprise Board and introduces planning agreements. He described it as "a rather sordid little measure—a very serious and dangerous mistake."

According to Lord Wakinson, Left-wing activists had demanded the Bill not to regenerate British industry but to hand it over lock stock and barrel to the State without a single right of appeal. It was a divisive measure coming at a time when industry faced an economic crisis of greater magnitude than ever before.

He strongly criticised the takeover role of the NEB, particularly where profitable companies were concerned. Any company *in difficulty with its bankers* was well advised to apply for aid to the industrial adviser at the Bank of England and to Finance for Industry, he said. They should only go to the NEB as a last resort.

However, Lord Watkinson said *that the events of the last few* weeks had led him to believe that the Government was now seeking to unite the nation. It would not be easy but co-operation and consultation was the only course that could save us from domination by our foreign creditors.

If the Government was fair and called for the maximum co-operation from all sides with as little State interference as possible, the CBI would do its best to co-operate with the TUC and the Government on the present Bill or on any other matter so that the country could see its way through to better times.

In a spirited defence of British business, he said it was not true that free enterprise and the City had failed the nation. The truth was that they had been curtailed, cajoled and "knocked over the head" by successive Governments and then expected to provide better results.

Rees rejects Provos 'excuse' for bombings

THERE WAS no substance in allegations used by the Provisional IRA as an excuse for their attack on Crown Buildings, Londonderry, on Wednesday, the Northern Ireland Secretary, Mr. Merlyn Rees *said* in the Commons yesterday.

In a Commons statement about recent violence, Mr. Rees said that between January 1 and July 10, 64 people had been charged with murder, 60 with attempted murder, and 233 with firearms offences.

Dealing with Wednesday's incident in which three bombs were exploded within ten minutes of each other Mr. Rees said that the incident was being fully investigated by police.

The allegations in the Provisionals' purported statement said that the attack was in response to Army activities in the city to which objection was apparently aken.

Mr. Rees said: "The allegations used as an excuse for the attack contained nothing of substance and could not in any circumstances justify what happened."

He made it clear in earlier statements to the Commons that the level of activity of the security forces would be related to the level of violence.

The nature of violence in Northern Ireland had changed in recent months, much of it now occurring between factions, but the response of the security forces must depend on the facts of the security situation.

Giving the details of charges and arrests, from January 1 to July 10, the Minister said that 54 people had been arrested for other security offences besides the charges for murder, attempted murder and firearms offences.

"The Government is concerned with the reality of the ceasefire and not with any stated intentions. Accordingly, my policy on detention remains that future releases will be related to the developing security situation."

Mr. Airey Neave "shadow" Northern Ireland Secretary "Can you assure the House that the security forces are poised for any new threat, and that known terrorists wanted on criminal charges will be arrested? Is it not a fact that Provisional IRA violence is being resumed, and have not the Londonderry bombs yesterday caused you to think again?"

Mr. Rees: "The security forces are always ready, and they have arrested terrorists, for otherwise, I could not have given the figures I have just quoted. But I cannot treat people in detention as one would treat prisoners of war. I will look at each individual case, making a judgment in each."

Mr. Enoch Powell (UUU, Down, S.) said that the events just reported underlined the importance of the Government giving no colour, by word or action, to any suggestion that there had been reciprocal understandings or undertakings between the Government and the Provisional IRA.

Mr. Rees replied: "I have that *abundantly clear. I am prepared* to repeat, yet again, that there is no agreement."

Mr. Gerry Fitt (SDLP, Belfast W) said that the majority of incidents since last January had been carried out by Loyalist elements.

Mr. Rees: "There has been much violence not committed by the IRA and, in terms of shootings since the beginning of this year, most has been from the Loyalist side."

BANK RETURN

—	Wednesday July 9 1975	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	21,617,401	— 1,041,494
Special Deposits	[illegible]	— [illegible]
Bankers	303,471,879	— 12,298,065
Reserves & Other A/cs	428,961,597	+ 17,741,169
	1,734,753,877	+ 4,401,600
ASSETS		
Govt. Securities	1,293,852,889	— 3,670,000
Advance & Other A/cs	289,107,084	— 7,796,351
Premises, Equip't & other Secs	123,579,299	+ 3,001,298
Notes	28,033,32[illegible]	+ 12,904,856
Coin	201,220	— 37,101
	1,734,753,877	+ 4,401,600
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	5,250,000,000	+ 100,000,000
In Circulation	[illegible]966,675	+ 87,095,144
In Bank'g Dept.	28,033,32[illegible]	+ 12,904,856
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	[illegible]150,989	+ 116,572,066
Other Securities	560,833,911	— 16,572,066
	5,250,000,000	+ 100,000,000

MP apologises for 'bugging' colleagues' Commons office

A LABOUR MP apologised in the Commons yesterday for bugging the conversations of some of his colleagues.

Mr. Robin Corbett (Lab., Hemel Hempstead) said that the exercise had been for a serious purpose but, on reflec*tion, he realised that it had not* been "wholly wise."

The matter had been raised by **Mr. Tom Torney** (Lab., Bradford S.) as a possible contempt of the House.

He explained that in an exercise conducted by the magazine New Scientist—and with Mr. Corbett's full knowledge — his room in the House had been bugged with a bugging device and his conversations, including a telephone conversation with the Ministry of Agriculture, recorded.

"All this was done without my knowledge or consent and the *bugging device was left lying in* the room after I had left it. The room is used by other MPs," Mr. Torney added.

"I assume Mr. Corbett is prepared to take full responsibility for all that occurred including smuggling the device into the building past the security control."

After Mr. Corbett had apologised, saying he took full responsibility, Mr. Stanley Cohen (Lab., Leeds SE), one of the MPs who shared the office with Mr. Torney, expressed concern that the exercise had been conducted without his knowledge. "It is not the sort of thing one should expect from colleagues."

But, in view of the apology, he would accept that the matter should not be pursued. Mr. Torney agreed, and this was accepted by the Speaker.

F.T. Sector Analysis — Property Group No. 86

4.7.75

Statistics provided by **data STREAM International**

COMPANY	MKT. CAP. (£m.)	PRICE Current	PRICE 12-month High-Low	PRICE % Change 1 month	PRICE % Change 3 months	PRICE % Change 12 months	PRICE PERFORMANCE Price index⊕	PRICE PERFORMANCE Price Index Ratio△	% Gain/Loss on market 1 month	% Gain/Loss on market 3 months	% Gain/Loss on market 12 months	DIVIDEND Div. per Share
Allied London Property	7.5	33.00	56.00- 23.00	-17.5	-23.3	-21.4	94h	94	-8.1	-30.4	-40.0	2.30§
Allied London Property Acc.	0.8	33.00	55.00- 25.00	-21.4	-26.7	-17.5	61h	63	-12.4	-33.5	-37.0	0.10
Allnatt London Property	22.4	112.00	128.00- 55.00	-4.3	9.8	14.7	176	123	6.7	-0.4	23.7	2.95d
Amal. Invest. and Property	23.5	33.00	72.50- 22.00	-27.5	-37.1	-2.9	383	275	-19.2	-43.0	-25.9	0.94d
Anston Holdings	0.8	25.00	56.00- 20.00	-19.4	0.0	-55.4	36h	53	-10.1	-9.3	-65.9	1.17d
Apex Properties	3.0	84.00	111.00- 37.00	-6.7	-6.7	95.3	280h	362	1.8	-15.5	49.1	1.64§
Aquis Securities	3.1	12.50	20.00- 7.00	-19.4	-13.8	6.4	44h	65	-10.1	-21.8	-18.8	0.54
Argyle Securities	10.2	45.00	49.00- 15.00	2.3	76.5	25.0	71h	91	14.0	60.1	-4.6	0.00
Artagen Properties	40.2	72.00	97.00- 36.50	-1.4	-4.6	63.6	540	377	9.9	-13.5	24.9	1.49
Avenue Close	2.5	43.00	48.00- 16.00	-4.4	30.3	17.3	285h	369	6.5	18.2	-10.5	1.15
Bank and Commercial	1.7	4.75	8.50- 1.75	0.0	11.8	-40.6	51h	66	11.4	1.4	-54.7	0.00
Beaumont Property	5.8	52.00	72.00- 28.00	-17.5	-2.8	23.8	121h	85	-8.0	-11.8	-5.5	2.68
Berkeley Hambro	23.7	143.00	188.00- 50.00	-11.7	2.1	10.0	293	205	-1.6	-7.3	-16.1	3.22
Percy Bilton	24.4	128.00	134.00- 48.00	-1.5	34.7	120.7	131	197	9.7	22.3	68.4	3.77
Percy Bilton Acc.	18.6	120.00	130.00- 47.50	-7.7	26.3	152.6	133h	188	2.9	14.6	92.8	0.20
Bradford Property	7.5	100.00	118.00- 36.00	-5.7	7.5	58.3	117h	151	5.1	-2.4	19.2	5.11
Bridgewater Estate	3.4	125.00	150.00- 77.50	-8.8	-7.4	3.9	92h	119	1.7	-16.0	-19.2	7.52
British Anzani	4.4	17.00	24.50- 7.00	-17.1	-19.0	2.0	196h	255	-7.6	-26.5	-22.2	0.00
British Land	8.0	18.00	43.00- 6.50	-28.0	-26.5	-50.7	55	38	-19.8	-33.3	-62.4	0.00
Brixton Estate	24.7	86.00	105.00- 33.00	-9.5	4.2	100.0	318	222	0.9	-5.4	52.6	2.01*
Montague Burton Properties	14.5	36.00	44.00- 15.00	-14.3	0.0	38.5	38h	61	-4.5	-9.3	5.7	1.17§
Capital and Counties	20.3	27.00	43.50- 12.00	0.0	0.0	-25.0	78	54	11.4	-9.3	-42.8	2.25
Centrovincial	2.3	24.00	55.00- 12.00	-23.0	-27.3	-52.9	62h	80	-16.4	-34.0	-64.1	0.68§
Chesterfield	11.8	120.00	160.00- 68.00	-9.1	-7.7	36.4	135h	175	1.3	-16.2	4.1	2.88
Chown Securities	0.6	15.00	44.00- 10.00	-25.0	-63.4	-47.4	41h	50	-16.4	-66.8	-59.8	0.90
Churchbury Estates	1.6	98.0	118.00- 46.00	-2.0	-6.7	-2.0	160h	207	9.2	-15.3	-25.2	3.47
City Aberdeen Land	0.5	50.00	80.00- 50.00	0.0	0.0	-37.5	217h	281	11.4	-9.3	-52.3	1.64
City Offices	8.2	36.00	54.00- 31.00	-15.3	5.3	-14.3	144h	186	-5.6	-14.0	-34.6	1.32
Clarke, Nickolls	1.6	33.00	46.00- 23.00	-17.5	-8.3	-26.7	100h	129	-8.1	-16.8	-44.0	1.47
Compco Holdings	1.0	50.00	105.00- 50.00	-28.6	-9.1	-33.3	219h	283	-20.4	-17.5	-49.1	0.00
Control Securities	0.4	11.00	19.00- 9.00	0.0	-8.3	-38.9	106h	137	11.4	-16.8	-53.4	0.00
Country and New Town	3.3	16.00	26.00- 9.50	-23.8	-17.9	0.0	80h	104	-15.1	-25.5	-23.7	0.65
County and District Property	2.3	23.00	47.00- 14.00	-17.9	-14.8	-47.7	31h	46	-8.5	-22.7	-60.1	1.80
Daejan Holdings	5.4	33.00	53.00- 14.00	-13.2	-10.8	-10.8	78	54	-3.2	-19.1	-31.9	3.01§
Dorrington Investment	0.8	13.00	34.00- 13.00	-18.8	-38.1	-56.7	42h	54	-9.4	-43.8	-66.9	1.18g
English Property	37.1	63.00	90.50- 17.00	-25.9	3.3	50.0	175	145	-17.4	-6.3	14.5	2.28
Estates and Agency	0.6	28.00	29.00- 15.00	3.7	64.7	51.4	295h	233	15.6	49.5	15.5	0.37
Estates Property	6.2	42.00	59.00- 22.00	166.7	93.1	104.9	76h	53	197.2	75.3	56.3	2.41
Evans of Leeds	3.1	77.00	87.00- 33.00	2.7	2.7	38.7	81h	97	14.4	-6.8	5.9	3.87
Fitzroy Investment	0.2	4.50	19.00- 3.00	0.0	0.0	-75.0	6h	8	11.4	-9.3	-80.9	0.00
Forum Properties	1.1	19.00	24.50- 6.50	-15.6	58.3	18.8	36h	53	-5.9	43.7	-9.4	0.23
Glanfield Securities	3.7	180.00	180.00- 85.00	0.0	12.5	12.5	181h	208	11.4	2.1	-14.2	2.75*
Godfrey's	0.8	13.00	32.00- 13.00	-23.5	-23.5	-38.1	58h	75	-14.8	-30.6	-52.8	0.44
Great Portland Estate	58.3	214.00	266.00- 95.00	0.5	-2.7	86.1	489	342	12.0	-11.7	42.0	3.25
R. Green Properties	2.1	17.50	27.50- 12.00	-20.5	-14.6	-5.4	89h	115	-11.3	-22.5	-27.8	1.34
Greencoat Properties	2.1	6.50	11.00- 4.50	8.3	0.0	-40.9	68h	88	20.7	-9.3	-54.9	0.00g
Guildhall Property	2.6	2.00	53.00- 20.00	-12.5	-12.5	20.0	116h	150	-2.5	-20.6	-8.4	1.84§
Hales Properties	0.4	23.50	28.00- 19.50	0.0	9.3	-16.1	75h	97	11.4	-0.8	-36.0	2.10
Hammerson Property	13.7	380.00	470.00-125.00	-6.2	16.8	33.3	676	472	4.6	6.1	1.7	4.52
Hammerson Property "A"	47.7	380.00	470.00-130.00	-6.2	13.4	38.2	647	452	4.6	2.9	5.4	4.52
Haslemere Estates	42.4	196.00	240.00- 78.00	-10.9	6.5	71.9	621	133	-0.7	-3.3	31.2	2.44
House Property London	0.3	33.00	45.00- 32.00	-5.7	3.1	-13.2	92h	118	5.1	-6.4	-33.7	1.00
Imry Property	9.7	215.00	245.00- 50.00	-8.5	7.5	150.0	151h	195	2.0	-2.4	90.8	2.31
Intereuropean Property	4.2	30.00	49.00- 22.00	-6.3	-7.7	-18.9	38h	52	4.5	-16.2	-38.1	2.01
Jermyn Investment	0.2	23.00	27.00- 12.00	-11.5	4.5	27.8	53h	68	-1.4	-5.1	-2.5	1.49
Keith and Henderson	3.8	57.00	75.00- 19.00	-10.9	-3.4	103.6	77h	392	-0.7	-12.3	55.3	0.84
Lagunvale Estates	0.2	9.00	17.00- 6.00	0.0	-25.0	-35.7	233h	302	11.4	-31.9	-50.9	0.30
Land and House	7.9	76.00	82.00- 18.00	-1.3	21.9	25.8	83h	107	10.0	10.6	-4.0	3.66§
Land Investors	23.4	72.00	95.00- 38.00	-10.0	-7.7	60.0	606	424	0.3	-16.2	22.1	1.61k
Land Securities	274.4	184.00	231.00- 70.50	5.1	8.9	62.8	307	215	17.2	-1.2	24.3	3.97
Land Value	0.3	22.50	40.00- 20.00	0.0	0.0	-43.8	100h	129	11.4	-9.3	-57.1	0.00
Law Land	15.7	64.00	113.00- 32.00	-27.3	-28.1	45.5	244	170	-18.9	-37.4	11.0	2.08
London and Euro Securities	3.6	39.00	39.00- 18.00	11.4	21.9	21.9	204h	211	24.2	10.6	-7.0	1.55
London and Provincial Shop	4.2	58.00	77.00- 28.00	-19.4	-12.1	1.8	193h	250	-10.2	-20.3	-22.4	0.92*
London Bridge Securities	0.4	21.00	72.00- 15.00	-4.5	-16.0	-68.7	28h	38	6.4	-23.8	-74.6	0.00
London City and Westcliff	10.6	12.00	19.25- 5.50	-21.3	-20.0	-38.8	96	67	-12.3	-27.4	-51.8	0.05
London Shop Property	5.0	42.00	54.00- 25.00	-14.3	-10.8	31.3	76h	53	-4.5	-18.9	0.2	2.77a
Lynton Holdings	7.5	85.00	105.00- 37.00	-10.5	-2.3	18.1	184h	237	-0.3	-11.3	-9.9	1.80*
MEPC	126.0	118.00	210.00- 62.50	-5.6	-20.8	18.0	295	207	5.2	-28.1	-10.0	2.75d
McKay Securities	1.8	75.00	90.00- 55.00	-11.8	0.0	7.1	216h	279	-1.7	-9.3	-18.2	1.40
McKay Securities Capital	0.7	77.50	80.00- 65.00	-3.1	3.3	14.1	91h	121	8.0	-6.2	-12.9	0.00¶
Marler Estates	0.8	22.00	29.00- 16.00	-8.3	-10.2	-4.3	64h	89	2.2	-18.5	-27.0	0.75g
Maybrook Properties	1.4	35.00	58.00- 33.00	-16.7	-16.7	-39.7	87h	112	-7.1	-24.4	-54.0	2.22
Midhurst White	1.2	16.00	29.00- 11.00	-11.1	-20.0	-30.4	29h	42	-0.9	-27.4	-46.9	0.84
Mountview Estates	1.2	25.00	34.00- 15.00	-10.7	8.7	25.0	125h	162	-0.5	-1.4	-4.6	1.00
A. and J. Mucklow	3.5	130.00	150.00- 48.00	-13.3	16.1	47.7	320	224	-3.4	5.5	12.7	5.08
A. and J. Mucklow Acc.	7.1	120.0	150.00- 46.62	-14.3	7.1	65.0	198	253	-4.5	-2.8	25.9	0.00¶
Municipal Properties	0.5	110.00	140.00-110.00	-12.0	-4.3	-8.3	251h	325	-1.9	-13.2	-30.0	3.77
New London Properties	6.6	165.00	175.00- 85.00	-5.7	10.0	28.9	152h	150	5.1	-0.2	-1.6	4.98*
New River	3.7	450.00	450.00-250.00	0.0	0.0	55.2	230h	297	11.4	-9.3	18.4	9.19
Nolton Estates	0.8	30.00	67.00- 41.00	6.4	16.3	-25.4	83h	125	18.6	5.5	-43.1	0.76
Palmerston Investment	0.5	60.00	75.00- 60.00	-7.7	-14.3	-7.7	240h	310	2.9	-22.2	-29.6	1.60§
Peachey Property	6.0	28.00	55.00- 16.50	-15.2	-24.3	-28.2	60	42	-5.4	-31.3	-45.2	1.38g
Peldayne Holdings	0.3	9.00	12.00- 4.00	-10.00	0.0	-25.0	15h	23	0.3	-9.3	-42.8	0.28
Property and Reversionary	2.7	160.00	200.00- 80.00	-13.5	0.0	28.0	197h	255	-3.6	-9.3	-2.3	3.88
Prop. and Reversionary "A"	8.8	168.00	192.00- 76.00	-9.2	8.4	44.8	207h	267	1.2	-1.6	10.5	3.88
Property Holding	23.2	195.00	234.00- 90.00	-12.6	-0.5	44.4	433	303	-2.5	-9.7	10.2	4.89
Property Investment Finance	1.4	33.00	62.00- 14.00	-15.4	4.8	-45.0	33h	41	-5.7	-4.9	-58.0	0.00
Property Partnerships	0.8	30.00	35.00- 14.00	-9.1	11.1	-9.1	73h	94	1.3	0.8	-30.6	1.32
Property Security	4.9	36.00	62.00- 19.00	-23.4	-32.1	16.1	77h	99	-14.6	-38.4	-11.4	1.65
Raglan Property	2.7	5.25	11.25- 3.75	0.0	-19.2	-38.2	60h	78	11.4	-26.7	-52.9	0.00
Regional Properties	1.4	55.00	70.00- 29.00	-15.4	-15.4	37.5	249	174	-5.7	-23.2	4.9	1.58§
Regional Properties "A"	5.4	84.00	65.00- 25.00	-24.4	-26.1	0.0	157	110	-15.8	-32.9	-23.7	1.58§
Reliable Properties	0.9	37.50	43.00- 35.00	7.1	-12.8	1.4	115h	149	19.4	-20.9	-22.7	0.67g
Rush and Tompkins	3.0	30.00	49.00- 12.00	-18.9	-25.0	-6.2	50h	66	-9.6	-31.9	-28.5	2.15
Samuel Properties	6.8	24.50	45.00- 13.50	-19.7	-30.0	-25.8	126	88	-10.5	-36.5	-43.3	1.00
Scottish Metrop. Property	21.2	86.00	94.00- 31.11	-7.5	13.2	105.8	379	265	3.1	2.7	57.1	1.85*
Second City Property	2.6	24.50	34.00- 14.00	-12.5	-14.0	58.1	219	195	-2.5	-22.0	20.6	0.99§
Slough Estates	74.8	82.00	97.50- 28.00	-5.7	16.8	115.8	364	255	5.0	7.8	64.7	1.73
Stock Conversion	40.7	136.00	188.00- 53.00	-13.4	4.6	147.3	385	269	-3.5	-5.1	88.7	1.50
Bernard Sunley	23.5	147.00	230.00- 63.00	-2.0	5.0	-20.5	346	242	9.2	-4.7	-39.4	3.85
Town and City Properties	45.1	22.50	35.00- 8.50	-11.8	-21.1	12.5	114	80	-1.7	-28.4	-14.2	0.00
Town and Commercial Prop.	1.8	18.00	35.00- 9.00	5.9	-25.0	-18.2	32	22	18.0	-31.9	-37.6	0.13d
Town Centre Security	3.7	16.50	21.00- 6.50	0.0	17.8	22.2	110h	142	11.4	6.8	-6.7	0.62
Trafford Park	4.1	49.00	58.00- 28.00	-5.8	-2.0	36.1	64h	83	5.0	-11.1	3.9	3.11§
United Kingdom Property	5.4	13.00	22.00- 6.00	-18.7	-7.1	-7.1	64h	82	-9.4	-15.7	-29.1	0.00§
United Real Property	25.8	215.00	283.00-109.00	-0.9	-4.4	26.5	300	209	10.4	-13.3	-3.5	2.76
Waite and Son	1.8	55.00	65.00- 25.00	-3.5	22.2	31.0	78h	100	7.5	10.9	-0.1	2.81§
Warner Estate	5.5	55.00	63.00- 20.00	-8.3	10.0	97.1	163h	211	2.2	-0.2	19.9	2.80
Warnford Investments	16.0	167.00	210.00- 97.00	-11.2	-4.6	67.0	352	246	-1.0	-13.4	27.4	3.96
Joseph Webb	1.1	14.00	16.50- 7.00	3.7	12.0	-7.7	84h	108	15.6	1.6	-17.8	0.73
Weber Holdings	0.5	110.00	160.00-100.00	0.0	0.0	-31.3	96h	124	11.4	-9.3	-47.5	7.00*
Westminster Property	1.0	17.00	38.00- 14.00	-26.1	-29.2	-48.5	113h	147	-17.6	-35.7	-60.7	1.34
Wingate Investments	3.9	26.00	47.50- 10.00	-28.8	-30.7	-20.8	216	151	-20.6	-37.1	-39.6	0.00
Winston Estates	0.8	15.00	22.00- 7.50	-18.9	0.0	-14.3	44h	59	-9.6	-9.3	-34.6	0.95

Further columns (DIVIDEND: Gross yield, Estimated div. cover, Yield Relative to Market Current, 12-month High Low, 6-mth. avge., Deviation; EARNINGS: Earn per Share, P/E, P/E Relative to Market Current, 12-month High Low, 6-mth. avge., Deviation; ACCOUNTS ITEMS (£000): Gross Rental Income, Pre-tax Profits before Interest Charges, after Interest Charges, Net Cash and Securities, Adjusted Net Tangible Assets; ACCOUNTS ITEMS AS % OF MARKET VALUE: Gross Rental Income, Pre-tax Profits before Interest Charges, after Interest Charges, Net Cash and Securities, Adjusted Net Tangible Assets)

NOTE—Dividend yield is based on net dividend as declared, grossed up at the standard rate of 35 per cent.

* Directors' forecast. † Preliminary figures. ‡ Statutory limit. § In Dividend column indicates dividend payment adjusted to reflect a changed interim dividend. In Earnings column figures shown in latest 12 months earnings include interim results. ¶ Scrip issue. ♣ Market equals top 1,000 shares. ⊕ Price index is share price converted into an index shown by current price as percentage of base date adjusted for capital changes. h Base date January 1, 1965; otherwise January 1 1969, or date of initial quotation. △ Price index as percentage of market price index. ● Earnings calculated on net imputation tax basis and include contributions from Associate Companies. ★ Sum of Trading Profits and Other Income less Depreciation. Amortisation and certain other deductions conventionally subtracted before arrived at profits before interest. ◆ Assets, adjusted to include property surpluses, at director's valuation not incorporated in balance-sheet. b A maintained rate is assumed unless accompanied by a forecast. d Interim reduced. Final assumed to be maintained unless forecast made. k Large or irregular bonus or capital distribution not included with dividend. n Payment of higher rate prevented by Government policies.

Graphs illustrate the Individual Share Price movements over the previous 52 weeks.

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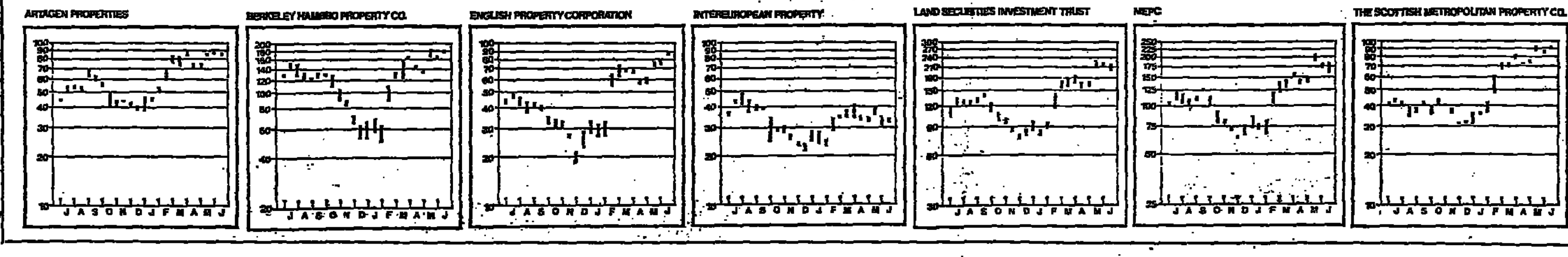

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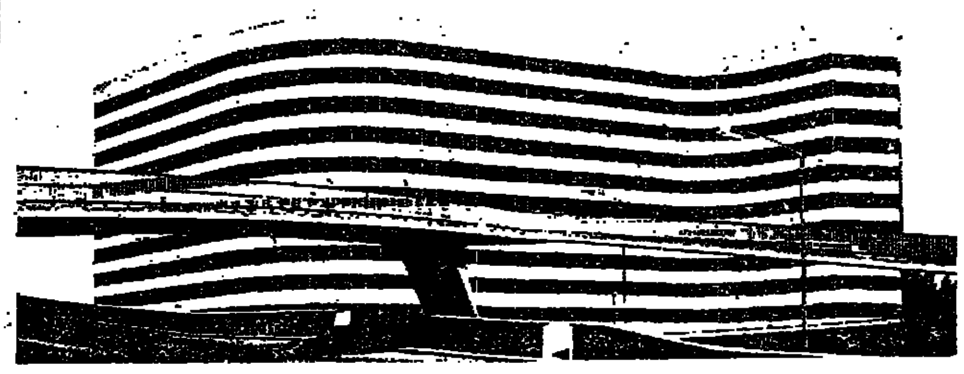

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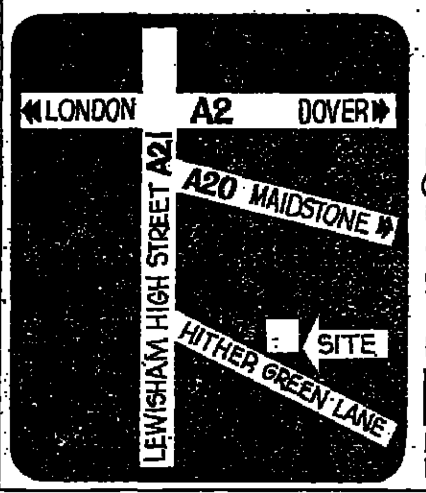

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CURZON, Curzon Street. W.1. 499 3737. (The No Smoking Cinema). ALICE DOESN'T LIVE HERE ANYMORE (AA). Progs. at 1.55 (not Sun.). 4.00. 6.15. 8.30. Late Show Sat. 11. Phone Bkgs.

EMPIRE. Leicester Square. THE DAY OF THE LOCUST (X) Progs. daily 2.00 5.10. 8.15. Sep. perfs. All seats bookable. No phone bookings.

LEICESTER SQUARE THEATRE (930 5252) See! Hear! Feel! TOMMY (AA) The film event of the Year. Sep. perfs. 1.20. 4.50. 8 00. Sun. 4 30. 8 00. Late show Fri. and Sat 11.15. All seats may be booked.

ODEON HAYMARKET (930 2738/2771). SHAMPOO (X). Sep perfs Week and Sun. 1.15. 4 45. 8 15. Shampoo at 1.55. 5.30. 8 55 Late show Fri and Sat. 11.45. All seats may be booked.

ODEON MARBLE ARCH (723 2011/2). Streisand and Caan FUNNY LADY (A). Sep perfs. Wk 2 45. 8 00 Sun. 4.00. 8.00. Late show Sat. 11 45. All seats may be booked.

ODEON ST. MARTIN'S LANE (836 0691/1811) (Fully air cond.). Lelouch's AND NOW MY LOVE (X) Sep perfs. Wk. 1.00. 4.30. 8.00 Sun. 4.30 8 00. Late show Sat 11.30 All seats may be booked.

PLAZA 1, Lower Regent Street. All seats bookable. THE GODFATHER PART II (X) Daily including Sundays. Progs. 2 45. 7.30.

PRINCE CHARLES. Leic. Sq. 437 8181 10th Sensational Month!! EMMANUELLE (X) Sep Perfs. Daily (inc. Sun.) 2.45. 6.15. 9 00. Late Show 11.45 Fri & Sat. Seats Bookable. Licensed Bar

SCENE 1. Leic Sq (Wardour St) 439 4470. Cont. Perfs Dly. from 12.30. Late Show Fri. & Sat. 12.05. Sylvia Kristal, JULIA (X). Progs. 12.30 2.10. 4.40. 7.05. 9.35. Late Show Fri. & Sat. 12.05.

SCENE 2. Leic. Sq. (Wardour St.) 439 4470. Cont. Perfs. Dly from 12 30. Late Show Fri. & Sat. 12.05 YOUNG FRANKENSTEIN (AA). Progs. 12.30. 2.45. 5.05. 7.25. 9.45. Late Show Fri. & Sat. 12.05.

SCENE 3. Leic. Sq. (Wardour St.). 439 4470. THE TOWERING INFERNO (A). Sep. Perfs. Daily 2.00. 5.20. 8.40. Late Show Fri. & Sat. 11.45 Seats Bookable —All Perfs.

SCENE 4. Leic Sq. (Wardour St.). 439 4470. 2nd YEAR. The Film Everybody's Talking About. THE EXORCIST (X) Directed by William Friedkin Sep Perfs. Dly. 12 30. 3 00. 6 15. 9 00. Late Show Fri. & Sat. 11.30 Box Office Open Daily 10-8 Sun. 12-8. Seats Bkble—All Perfs.

WARNER WEST END Leicester Square Tel.: 439 0791 1. BEAUTIFUL PEOPLE (U) Cont. progs. 2 30 4 30. 6.30 8.35 Late show Sat. 11 00 2. Robert Mitchum THE YAKUZA (AA). Sun 3 30 5 50 8.20. Late show Sat. 11 00 Cont. progs. Wk. 1.30. 3.45. 6.00. 8.20. 3. Steve McQueen Paul Newman. THE TOWERING INFERNO (A). Sep. perfs. 1.25. 4 40. 7 55 Late Show Sat 11.05. All seats may be booked

ART GALLERIES

ANTHROPOS GALLERY. Specialists in Ethnic Arts. 7, Monmouth Street Upper St. Martin's Lane. W.C.2. 01-835 0182 Europe's finest collection of New Guinea Papuan and Eskimo Art. A new exhibition. Mon.-Wed 10-8 Thurs-Sat. 10-12 midnight. Sun 1-7.

LORD METHUEN (1886-1974). Memorial Exhibition. Fieldbourne Galleries, 63, Queen's Grove, W.8. 01-586 3600

ROYAL ACADEMY SUMMER EXHIBITION. Contemporary paintings, sculptures, etc. Until 27 July. Wkdys. 10-6. Suns. 2-6. Adm. 60p (Mondays 30p) and the PRIVATE ROOMS AND COLLECTED TREASURES. Until 21st Oct. Wkdys 10-6 (closed Tuesday). Sun. 2-6 Adm. 50p. Students and pensioners half-price.

AGNEW GALLERY, 43, Old Bond Street, W.1. 01-629 6176. MASTER PAINTINGS—An exhibition of Recent Acquisitions. Until 4th July. Mon.-Fri. 9.30-5.30 Thurs. 9.30-7.00

RADLETT GALLERY, 141, Watling St., Radlett, Herts. JOHN ALDRIDGE R.A., RETROSPECTIVE EXHIBITION. And downstairs, 19th-century drawings and watercolours. 8-30th July Tuesday-Saturday 10-5.

CLUBS

EVE, 189 Regent St. 734 0557. A la carte or All-in Menu. Spectacular Floor shows plus the rhythm of Los Vera Cruz and music of Johnny Hawksworth and Friends.

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GARGOYLE, 69 Dean Street, London, W1. STRIPTEASE FLOORSHOW SEX ALIVE '75 Show at midnight and 1 a.m. Hostesses, Monday-Friday. Closed Sats. 437 6455.

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APPOINTMENTS

Financial Controller

OVERSEAS OPERATIONS

for the Headquarters based in the Home Counties of a large well known British group providing a wide range of services and products for the consumer in the UK and overseas.

- RESPONSIBLE to the Group Finance Director, the task is to organise and control the financial resources of certain operating subsidiaries in the Eastern Hemisphere and in Africa, and to monitor their financial performance. The role could involve a measure of overseas travel.
- MANAGEMENT proficiency as an accountant and experience in a comparable appointment are the principal requirements.
- INITIAL salary around £7,000 with attractive future prospects. Preferred age about 35.

Write in complete confidence to R.T. Addis as adviser to the group.

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Male or Female

Clerk with a knowledge of stock exchange documentation (transfers, dividends, rights issues etc.) required to keep records of investments held by the Institute of Chartered Accountants in England and Wales and Associated Trusts. Other accounting experience an advantage.

Salary not less than £3,000 p.a. L.V.s. There is a good pension scheme and a system of flexible working hours.

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Tel: 01-628 7060.

CORPORATION LOANS

12¼%

INVEST IN HUNTINGDON DISTRICT COUNCIL

BONDS

Period 3 to 5 years

Details from Huntingdon District Council Finance Department Castle Hill House Huntingdon Tel. (0480) 54317 ext 29

COMPANY NOTICES

EUROPEAN DEPOSITARY RECEIPT REPRESENTING COMMON STOCK OF KUBOTA LTD.

A 10 per cent. stock distribution has been declared payable as from July 14, 1975 until October 14, 1975 upon presentation of coupon No. 13 at the Offices of any of the following depositaries:
—Morgan Guaranty Trust Cy of New York:
New York, 23 Wall Street (ADR Section)
Brussels, 35, avenue des Arts
London, Lombard Street, 33
Paris, Place Vendôme, 14
Frankfurt/Main Bockenheimer Landstrasse, 8
—Banca Morgan Vonwiller S.p.A., Via Armorari, 14, Milan
—Bank Mees & Hope, NV, Herengracht 548, Amsterdam
—Kredietbank SA Luxembourgeoise 37, rue Notre Dame, Luxembourg

In the matter of the Companies Act 1961 (as amended) and in the matter of Northumberland Insurance Co. Limited (in liquidation) Notice is hereby given that a meeting of creditors of the above-named company will be held in the Lower Town Hall, 483 George Street, Sydney, New South Wales, Australia, on the 1st day of August 1975 at 10.00 a.m. To entitle a creditor to vote thereat, his proof must be lodged with the undersigned not later than 12 noon on the 31st day of July 1975. Proxies to be used at the meeting must be lodged with the undersigned not later than 12 noon on the 31st day of July, 1975. Official Liquidator, C/- Kennedy Small 52 Phillip Street, Sydney, N.S.W. 2000, Australia.

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDAN ELECTRICITY AUTHORITY
DIESEL GENERATING PLANT FOR NEW KARAK POWER STATION
Specification Reference:—
JEA/3430/01/K48/75

The Jordan Electricity Authority invite Tenders for the supply, delivery, erection and commissioning of three 1.5 MW diesel generator units, operating at a speed of 500 rev/min maximum on heavy fuel, with their associated mechanical and electrical auxiliaries and a 25,000 kg electric overhead crane to be installed in a new Power Station to be built at Karak in South Jordan.

The Specification documents may be obtained by application in writing to the Jordan Electricity Authority, P.O. Box 2310, Amman, The Hashemite Kingdom of Jordan accompanied by a cheque for 25 Jordanian Dinars which is non refundable. The documents will be available on or after the 21st July 1975.

The Tender Closing date will be the 22nd September 1975 in Amman. All three units require to be commissioned by the end of 1977. A fixed price Contract is required and Tenders should be accompanied by a 5% bid bond valid for 90 days. The successful Tenderer will be required to provide a 10% Performance Bond valid for 2 years.

The Specification Documents may also be obtained from Preece, Cardew & Rider, Paston House, 165-167 Preston Road, Brighton BN1 6AF, the Consulting Engineers to the Jordan Electricity Authority for this project. Applications to Preece, Cardew & Rider should be accompanied by a cheque for £35.

Chief Executive

- A SUCCESSFUL engineering group is to establish subsidiaries to sell spares and back-up fitting facilities to private and commercial vehicle users.
- THE task is to create speedily with group backing a highly profitable business, including the selection and motivation of effective sales and service teams.
- THE essential background is a practical engineering training followed by the successful management of a profitable enterprise in a similar field, such as fleet operations, construction plant or agricultural machinery. The career path might have included periods in sales, service and distribution. Knowledge of body building and hydraulics would be an advantage.
- EXPERIENCE is more important than age. Terms, which are negotiable, could include a five figure salary, profit participation, car and relocation expenses.

Write in complete confidence to P.A.R. Lindsay as adviser to the group.

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Commodity Traders

An expanding international organisation trading worldwide in both physical commodities and futures has the following vacancies:

Manager, Sugar Trading Company, Geneva

An experienced Manager thoroughly versed in documentation and financing procedures is required. Capable of creating and administering a small unit integral to the Group's sugar operations, he should be a Swiss citizen or hold a Swiss work permit.

Manager, Futures Brokerage Office, Switzerland

A commodity futures trading Manager with a proven record and client following, is required to set up and head a Swiss office. The parent group which specialises in offering investors a full range of commodity services will actively support the further development of local business. Candidates should be Swiss citizens or holders of a valid Swiss work permit.

Manager, Chemical Trading Company, Belgium or Switzerland

A capable and intelligent man, preferably with some experience in chemicals or allied products, to create and eventually manage a company covering sales and purchases of chemicals in Europe after extensive training in the U.S.A. Fluent in German and English, he must have a working knowledge of French.

Young Traders with Executive Potential

Young men aged 25 to 32 with experience in international commerce are required for an extensive period of training in the United States and subsequent appointment either in Europe or New York, according to Group requirements. Candidates should be fluent in both German and English and have a working knowledge of French.

The Group offers generous and competitive terms, an annual bonus and full range of benefits.

All applications will be forwarded direct to our client and the names of any firms that are not of interest should be clearly stated by applicants on a separate sheet. Please address your letter to F. J. F. Hall, Reference: C1454

MM &WM *McLintock Mann & Whinney Murray Management Consultants, 95 Southwark Street, London, SE1 0JA*

THE INTERNATIONAL TIN COUNCIL

BUFFER STOCK MANAGER
and
DEPUTY BUFFER STOCK MANAGER

The International Tin Council, an intergovernmental commodity organisation comprising 29 tin-producing and consuming countries, invites applications for the posts of Buffer Stock Manager and Deputy Buffer Stock Manager.

The staff of the Council is recruited internationally, preference being given to nationals of participating countries.

The duties of the two posts are to maintain and operate the Council's buffer stock in accordance with the provisions of the Fourth International Tin Agreement.

Applicants for the posts should have a sound understanding of the basic supply/demand factors in tin, and active experience in metal or other commodity markets. Knowledge of banking and finance, commercial practice and market assessment highly desirable.

Salaries (which are payable in accordance with United Nations' salary scales) are, subject to experience and qualifications, £22,811 gross (£14,120 net) for Buffer Stock Manager, and on a range from £13,062 gross (£9,062 net) to £14,924 gross (£10,924 net) in ten steps for Deputy Buffer Stock Manager, supplemented by a post-adjustment (cost-of-living) factor currently of approximately £3,000 for the Manager and approximately £2,000 for the Deputy Manager.

Holidays five weeks and four weeks respectively, rising with length of service. Contributory pension scheme.

Applicants should be prepared to take up their duties at the Council's Headquarters in London at an early date.

Applications, with full details of career and the names of two referees, should be received before 11 August 1975 by the Secretary, *The International Tin Council, Haymarket House, 28 Haymarket, London SW1Y 4ST.*

PERSONAL

CANCER RESEARCH
Please help the Imperial Cancer Research Fund in its fight against cancer. Your donation or "In Memoriam" gift will help to bring nearer the day when cancer is defeated.
IMPERIAL CANCER RESEARCH FUND,
Dept. 177D, P.O. Box 123,
Lincoln's Inn Fields,
London, WC2A 3PX.

ASCOT & electric water heaters bought, sold, part exchanged. 77 Streatham Hill, S.W.2. 01-674 2224.

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A BARGAIN. Ltd. Companies £75 formed or ready made. Express Co. Registration Ltd., 30 City Road EC1. 01-628 5434-5. IBM ELECTRIC TYPEWRITERS. Factory reconditioned and warranted by IBM. Buy—save up to 30 pc. Lease—3 years from £1.90 weekly. Rent—from £16 per month. Phone Vertex 01-641 2365.

International Banking

A consortium bank in Paris requires an experienced officer for its international operations.

Candidates must be well acquainted with international financial affairs, including Euro-credit and Euro-issue procedures and negotiations. Ability to read French is essential and spoken/written French would be advantageous.

Salary will be in accordance with professional proficiency but will not be less than FF70,000 per annum.

Please apply, stating how the requirements are met, to Box No A5139 The Financial Times, 10 Cannon Street, London EC4P 4BY.

DISTRIBUTION CONSULTANCY

Successful firm requires first-class consultant to undertake assignments in Britain and Europe on physical distribution. Knowledge of Italian and French useful but not essential.

Apply to the Managing Director, M.M. Distribution Consultants Ltd. Church View House, 22 High Street, Glastonbury BA6 9DR, Somerset. Tel: Glastonbury (0458) 32631/31082. Telex. 449063

INVESTMENT ANALYST

LOCATION — GLASGOW

A junior analyst is required to join the Research Department of a Glasgow stockbroking firm recognised for its in-depth coverage of specific sectors and growth situations. Evidence of a thorough analytical training would be more important than specialisation and the experience necessary for the position would probably have been acquired after two years of individual research work in a stockbroking or similar environment. The right candidate should be capable of preparing research material suitable for institutional consumption and is likely to have a professional or academic qualification.

Terms will be competitive in line with age and background and applications will be treated in strictest confidence.

Initially, please write or telephone to the following giving a brief outline of past career:—
J. A. S. MacDonald,
Campbell Neill & Co.,
Stock Exchange House
69 St. George's Place,
GLASGOW, G2 1JN.
Tel: 041-248 6271

INVITATION TO TENDER

TENDER NO. 55/B/1/75
SHARJAH—RAS AL KHAIMAH
(SECOND CARRIAGEWAY)

The Ministry of Public Works invites suitably experienced contractors to tender for the construction of the Sharjah—Ras Al Khaimah second carriageway.

Tender documents may be obtained from the Ministry's offices in Abu Dhabi with effect from Saturday 14.6.75 against a non-refundable fee of DH.5,000 (dirhams five thousand only).

Completed tender should be accompanied by a tender bank guarantee valid for 90 days for the sum of DH.1,000,000. The successful tenderer will be required to provide a 10 per cent. performance bond valid for the contract period.

Completed tenders should be submitted in three copies (original and two copies, duly signed and stamped by the contractors) together with all the tender documents and drawings, including the required tender bank guarantee. These should reach the Ministry within sealed envelopes displaying the subject and number of the tender on the front of the envelope, not later than 6 p.m. Sunday 3.8.75, and addressed to:

The Ministry of Planning,
Permanent Projects Committee,
Abu Dhabi,
(Behind Al Khubarah Building No. 13).

Tenders arriving after this time and date will be rejected.

The Ministry is not bound to accept the lowest tenders.

This invitation must be read as part of the tender document.

Hamdan Bin Mohammed Al Nahyan,
Minister of Public Works,
United Arab Emirates.

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Telephone Tom Carew—01-839 2271
140 GRAND BUILDINGS, TRAFALGAR SQUARE, LONDON WC1

APPOINTMENTS

Senior post in Tarmac group

Mr. A. A. Jones, an executive director of Tarmac Roadstone Holdings since 1973, has been appointed assistant managing director of TARMAC INTERNATIONAL.

★

The following appointments have been made within the ELTIC INVESTMENTS group: Mr. G. H. Bannister becomes managing director of the electrical, radio and musical instruments division and will be located at head office; Mr. E. A. Wood, deputy chairman, continues to direct domestic lighting, Freeman Street; Mr. F. A. Bartlam has been appointed deputy managing director; Mr. J. M. Cook joins the Board as director, group management services; and Mr. Peter Taylor is appointed branch manager of R. A. Poole Coventry. Mr. J. V. Poole is group financial director and secretary and Mr. J. A. L. Wood is managing director, gramophone record division.

★

A new Abbey Associates company has commenced business, known as ABBEY ASSOCIATES (INSURANCE BROKERS SUSSEX). The directorate is Mr. L. G. Underwood (managing), Mr. R. D. Worswick (chairman), Mr. F. F. Moss and Mr. J. D. Sams.

★

Mr. Ian Gregory and Mr. Keith Steed have been appointed assistant directors of ROOKE TAYLOR COOMBE.

★

Mr. Paul Asquith has joined the Board of *HARRIS AND DIXON* and Mr. T. Hill has been made a director of Abbott and Gerson (Air Freight).

★

Following the co-ordination of Wigham Poland's various reinsurance companies under the title of WIGHAM POLAND REINSURANCE BROKERS, the directorate is: Mr. D. R. Collins (chairman), Mr. H. K. Padfield, Mr. P. H. Allworth, Mr. C. D. Archibald, Mr. C. V. Hart, Mr. J. E. G. House and Mr. B. Kossowski. Associate directors are Mr. A. J. P. Bartlett, Mr. E. W. Birch, Mr. M. D. L. Butchart, Mr. A. J. Day, Mr. P. N. Heap, Mr. M. J. Hesse, Mr. T. F. Taylor and Mr. P. G. Wainwright.

★

Mr. R. O. Stevenson has been appointed a director of FELIXSTOWE DOCK AND RAILWAY COMPANY.

★

Mr. Douglas N. Devenish has been installed as president of the NATIONAL ASSOCIATION OF PLUMBING, HEATING AND MECHANICAL SERVICES CONTRACTORS. Mr. Devenish is managing director of Richard Aubrey, a subsidiary of the Rosser and Russell Group.

★

Mr. Alvern Ember, research and development manager of Giltspur Packaging, has been appointed chairman of the SOCIETY OF ENVIRONMENTAL ENGINEERS.

★

The following have joined the Board of ORIEL FOODS. Mr. Roger Nicholson, director-food processing; Mr. Norman F. Rayner, group financial controller; Mr. David Restrick director-personnel.

★

Mr. Martin Rafferty, previously deputy-chairman, has been appointed chairman of BROOKS WATSON GROUP in succession to Mr. W. S. Cunningham, who has retired from that post on reaching the age of 70 but who remains on the Board.

★

Following the acquisition of Henry Bath and Son by Britannia Lead Co., Mr. P. P. Ralph and Mr. D. E. Meekins, of Brandts, have resigned and Mr. J. D. Bendit and Mr. R. H. Y. Mills have been appointed to the Board of HENRY BATH AND SON.

★

Mr. J. Rawicz-Szczerbo has been appointed joint managing director of GROVEWOOD SECURITIES. He remains managing director of the Antiference Group.

★

Mr. Geoffrey Wellburn is joining the PLESSEY COMPANY next month as managing director of the marine division in succession to Mr. Derek Hayes, who is leaving Plessey to pursue other business interests. Mr. Wellburn was previously managing director of British Communications Corporation in the Racal Group and latterly of Clarke and Smith Industries.

★

Mr. Mark Layton and Mr. Michael Feilden have joined the Board of INCOMES DATA SERVICES. Mr. J. E. V. Tyzack retires on September 30.

★

Dr. N. A. Cotter has relinquished his appointment of deputy chairman of BRITISH INDUSTRIAL PLASTICS (Turner and Newall), due to ill-health. He remains technical director, with the status of managing director. The post of deputy chairman has been taken over by Mr. I. M. Thompson, previously joint managing director.

★

HINTON HILL GROUP has made the following Board appointments to its new subsidiary, Hinton Hill Construction Insurance Services. Mr. J. J. Shaw chairman, Mr. C. Hawker managing director, Mr. M. J. W. Anstey, Mr. J. F. P. Durham-Mathews and Mr. J. M. G. Michelsen.

★

Mr. Ralph Gordon-Smith has retired from the Board of EMI, having been a non-executive director since 1961, but will act as a consultant to the Board.

Mr. Clive R. Kelly has been appointed managing director of *EMI Holdings (S.A.) (Pty.)*, and will be responsible for the day-to-day management of EMI's various interests in South Africa. He was previously manager, international copyright.

★

Mr. P. S. Merrifield and Mr. R. D. Nagger have been elected assistant vice presidents of MERRILL LYNCH INTERNATIONAL INC.

★

Following the purchase by ARBUTHNOT LATHAM HOLDINGS of the share capital of JASCOT SECURITIES, Mr. Arthur Pickles (chairman of Jascot) has joined the Board of Abacus Arbuthnot and Mr. John Roy has also become a director of that company. Mr. A. R. C. Arbuthnot (chairman of Arbuthnot Latham Holdings) and Major H. H. Trevor Dawson have been made directors of Jascot Securities.

★

The Board of JAMES LAIDLAW AND SONS has been reconstituted following the decision of the parent concern, the Scottish Homes Investment Company, to concentrate its main contracting business in the whole of Scotland through Tensa Construction with Laidlaw as a subsidiary of Tensa. Mr. Thomas Neville, managing director of Tensa, becomes also managing director of Laidlaw with Mr. Robert Ballantyne, construction director, and Mr. Alan Young in charge of surveying and estimating. Mr. Masey continues as secretary and accountant.

★

Mr. A. F. Cooper and Mr. J. R. Mathias, at present associated members of BUCKMASTER AND MOORE, stockbrokers, are to join the partnership from to-morrow.

★

Mr. Ewart Parkinson has become president of the ROYAL TOWN PLANNING INSTITUTE.

★

Mr. J. G. Moss has become chairman of KELSEY INDUSTRIES in succession to the late Mr. Richard Arbib. Mr. Martyn Arbib has been appointed as a non-executive director.

★

Mr. Hugo Kindersley has been appointed a member of the EXPORT GUARANTEES ADVISORY COUNCIL from August 1. Mr. John A. R. Staniforth has been made deputy chairman of the Council in succession to Mr. David G. Scholey, whose five-year term on the Council ends on July 31.

★

Mr. Roy Ginger has been appointed a director and general manager of AIR DRIVE and Mr. W. Ludlow has been made works director. The company is a member of the *Davenport Vernon* Group.

May & Hassell LIMITED

(Timber Importers)

Statement by the Chairman, Mr J H B Atley
Year ended 31st March, 1975

PROFITS were £1.7m after making full allowance for a stock writedown of over £2m. A very successful result in a year full of difficulties both in the economy as a whole and especially in the timber trade.

DIVIDENDS the maximum permissible is recommended.

RETENTIONS of £4.7m have been made over last three years.

SHIPPING. Record profits again from Klondyke Shipping Co., Ltd. New ship, 'Martindyke', delivered March 1974. Two oldest ships sold since March. Company well equipped to weather present shipping recession.

HALLAM GROUP of Nottingham Ltd., (50% owned). Investment is one of the most portentous ever made. Export orders gained. Future success unlimited.

EMPLOYEES. A second tier to the group pension scheme has been established extending benefits to the majority of employees.

OUTLOOK. Trading will become even more difficult. Three months to June show a profit. Recessionary trends bound to worsen. Stocks decreasing. Liquidity good. Group is well placed to take advantage of falling prices and chaotic internal market. One year hence a larger profit expected to be disclosed.

FINANCIAL STATISTICS	1974/75 £000	1973/74 £000
Turnover	32,742	33,298
Profit before taxation	1,766	5,434
Earnings per ordinary share	16.8p	36.8p*
Total ordinary dividend per share	2.288p	2.1056p*

*Adjusted for scrip issue August, 1974

Copies of the Report & Accounts are obtainable from the Secretary, 3/8 Redcliffe Parade West, Bristol, BS99 7PH.

The Executive's World

EDITED BY JAMES ENSOR

THE BATTLE FOR SHEFFIELD TWIST

The worker's voice can be decisive

BY GEOFFREY OWEN

IN ONE sense the battle for Sheffield Twist has been an old-fashioned auction, with SKF of Sweden eventually offering a price which the rival bidder, Thorn, was unwilling to match. But the more significant aspect of the affair has been the extent to which both bidders have actively sought the backing of the Sheffield company's employees and trade unions. It may have been partly coincidence that SKF's decision to raise its offer to 95p came a few hours after the shop stewards had indicated their support for the Swedish company; but SKF would certainly not have proceeded with the bid if the unions had opposed it.

The most spectacular demonstration of worker power came last year, when employees in George Kent, asked to express their views on the two bids from Brown Boveri of Switzerland and GEC, voted for the Swiss company and thus effectively decided the outcome of the contest. This was a special case in the sense that the Government was the largest shareholder in George Kent and the then Secretary of State for Industry, Mr. Anthony Wedgwood Benn, was virtually committed to accepting the workers' verdict. It did, nevertheless, establish an important precedent: employees in other companies threatened with "hostile" take-overs were certain to make use of it.

Famous episode

There have been a number of cases in the past where the management has strongly resisted a take-over and has sought to enlist the support of the workforce in opposing it. There was the famous episode in 1966 when the senior staff of Edwards High Vacuum, a scientific instrument company, frustrated a highly generous offer from an American company, Varian Associates, by indicating that they would take their services elsewhere if the bid went through: two years later Edwards was bought by British Oxygen.

More recently the favourite tactic has been to bring political pressure on the Government to refer the bid to the Monopolies Commission, in the hope that this might induce the acquiring company to drop the offer. This was used with great skill by the management of Wolseley-Hughes when they fended off an unwelcome bid from Tarmac early in 1973.

There were in this case other factors which justified a reference. The bid lacked "industrial logic" and it came during a period of growing disenchantment, in Government circles and elsewhere, with conglomerate mergers; it was far from clear what Wolseley-Hughes, a successful and well-run company, would gain from the deal. But the opposition of employees must have carried some weight with the Government.

The same tactic was used earlier this year when employees of W. Canning, the Birmingham electro-plating concern, formed an action committee to support the management in fighting off the bid from Norvic Securities. This was a small deal (the offer was worth £3.6m.) and it was difficult to see any compelling argument why it should have been referred to the Commission.

Government officials point out, rightly, that reference to the Commission is a neutral act. There was no reason why Tarmac and Norvic could not have argued their case before the Commission and, if cleared, carried on with the offers. But the fact is that, rightly or wrongly, companies are often reluctant to undergo the delay and uncertainty of a Commission investigation, especially in a contested situation. From the point of view of the employees there is a fair chance that if they can secure a reference the bid will be dropped.

At the Office of Fair Trading, which advises the Government on merger references, the views of the employees and unions are always studied. If it appears that the result of a merger might be, for instance, to reduce jobs in Scottish factories in favour of the Midlands or the South East, this would certainly be a reason for referring it to the Commission for closer examination. But the opposition of employees, in itself, is not a reason for referring a bid. This was demonstrated in the bitterly contested bid by Croda for Midland-Yorkshire, which was cleared by the Government despite strenuous opposition from employees and unions.

In all these situations the arguments of the employees, which tend to be in the direction of preserving existing jobs and existing methods, have to be weighed against the benefits to the consumer, in the form of greater efficiency and lower prices, which may arise if the merger goes through. An interesting test case will be provided in the next few weeks when the Government decides on whether to refer to the Commission the proposed merger of the Sun and Odhams gravure printing operations in Watford. The industrial case for the deal is that there is serious overcapacity in gravure printing and that the merger will permit necessary rationalisation to be carried out. But the unions naturally fear the loss of jobs and may press for a reference.

Unless the Government is genuinely doubtful about the industrial aspects of the deal, it is hard to see what useful purpose would be served by such a reference. The Monopolies Commission is not the appropriate body to make recommendations *about how factory* closures should be handled or what severance arrangements should be made. These are matters best left to negotiation between the employers and unions involved: if any Government "referee" is needed, it should be the Department of Employment, not the Monopolies Commission.

Assurances

In the Sheffield Twist case, by contrast, it was not obvious that the interests of employees would be adversely affected whichever bidder wins the battle. It is true that Thorn's Clarkson subsidiary is bigger than SKF's British cutting tools business and has a larger overlap with the Sheffield Twist range, so that some rationalisation would be possible. (It was largely fear of rationalisation that led the George Kent workers to reject GEC in favour of Brown Boveri.) But Thorn assured the workers that their jobs would be safe and that their prospects would be improved if the merger went through. Similar assurances were given by SKF.

It might be argued that in this case the fairest course, not just for employees but for shareholders, customers and other interested parties, might have been to refer both bids to the Commission, so that an independent appraisal of their industrial attractions could be obtained. But quite apart from the possibility that a reference might have caused SKF, in particular, to withdraw from the field, it is by no means certain that the Commission would have come up with a decisive verdict against one of the bids and in favour of the other. On two previous occasions when rival bids have been referred (one involving Amalgamated Dental and the other Glaxo), the Commission has either cleared both bids or rejected both. As the experience of the Industrial Reorganisation Corporation shows, judgments about the merits of rival bids are notoriously hazardous: the Commission; under its constitution, would have to be convinced that one of the bids was positively detrimental to the public interest before it could rule against it.

Objective

Recourse to the Commission, therefore, is not the appropriate means for ensuring that the interests of employees are protected. The objective must be to give the workers and trade unions the right to influence take-over situations but without giving them the power of veto. Sometimes, after all, rationalisation has to take place; the short-term interests of employees should not always take precedence over those of consumers or even shareholders.

Under the present system sovereignty lies with the shareholders, whose main interest is in the price being offered for their shares; the consumers are not represented at all unless the bid happens to be referred to the Commission. They system is being challenged by the employees and trade unions, who are insisting on their right to be heard. This is already a significant constraint on the freedom of managements to buy and sell companies as they wish: under the present Government the process is likely to be accelerated. But there will still be a need to balance the interests of employees, consumers and shareholders; the machinery for achieving this balance has yet to be devised.

BARRIE HEATH OF GKN

"We have plenty in the pipeline but I'm impatient"

MR. BARRIE HEATH, took on the chairmanship of Guest Keen and Nettlefolds — Britain's biggest engineering company or Europe's largest motor components supplier — at the beginning of this year. Succeeding a man of the public stature of Sir Raymond Brookes, 33 years with the GKN group and a man of firm convictions, cannot have been easy. Nevertheless, Barrie Heath has set out to develop his own particular style of managing a large, decentralised and international company.

Freddie Mansfield

Perhaps the sheer size and massive momentum of a group with an £1.138m. turnover and four substantial and widely different divisions, each a substantial company in its own right, imposed some unexpected limitations. For Mr. Heath, a Cambridge engineering graduate whose business reputation was made as the managing director of Triplex, a company at the advanced technology end of the motor business, hoped to unlock the technological inspiration employed in the mass of GKN subsidiary companies. Speaking in the earliest days of his chairmanship — which encompasses chief executive — he expressed his desire to push through new products at GKN.

He now admits with charming candour "We haven't progressed half as fast on that as I had hoped. The personal push on research and development has been, as far as I'm concerned, a sub-standard performance." Essentially, he has found himself fully preoccupied with major investment, political and managerial decisions, without enough time to spare to indulge his desire to wander around chatting to the chief engineers and technologists about their pet projects. He admits "We haven't got enough new things coming along quickly enough: we have plenty in the pipeline but I'm impatient."

Too diffuse

What he has already started to do, however, is to concentrate the research and development talent at the centre, taking it out of forgings, transmissions, or fastenings companies and centralising it. "It was too diffuse, we have too many private armies," he explains, "and it is expensive to do research in a whole lot of different places—it is also difficult to employ tip-top men in small units."

If he sees no immediate bonanza from new products, Mr. Heath is, however, determined to develop new markets. Like many British engineering companies, GKN's operations have been historically concentrated in the U.K. and the Commonwealth, particularly Australia and India. But Europe is being built up rapidly as a major market and manufacturing base.

Mr. Heath himself intervened in the Common Market Referendum, writing to all employees, pointing out the damage that withdrawal would do to GKN and hence to their employment prospects. He admits readily that there was no contingency plan for British withdrawal and that the corporate expansion policy was unhesitatingly based on the assumption that Britain would stay in the Common Market. "I insisted," he says, "that we should be single-minded of purpose and quite often when you are, you achieve your purpose."

Continental Europe now accounts for 20 per cent. of GKN turnover and almost as much of profits: it is growing appreciably faster than any other market. The group already has a substantial place in the European motor component industry, with for instance transmission component manufacturers in Germany, France, Italy and Sweden supplementing direct export from the U.K. In motor components, one third of the business is now derived from outside Britain and Heath is determined to expand it. "I am absolutely adamant that we will not tell overseas customers that we cannot supply," he says. "Exports must get the same sort of priority as the home market."

Despite Britain's reputation as an unreliable supplier, GKN stands a good chance of expanding its European component business, simply because its scale of operation and often its technology is far in advance of many of the small-scale Continental suppliers. As one example, Heath is proud to relate that GKN has now won orders for safety cabs for the entire tractor production of both Ford and Massey-Ferguson, the two world leaders in farm tractors. It will supply their assembly plants all round the world.

The more nationally oriented building materials, welding components and steelmaking divisions of course, have fewer opportunities to export. Nevertheless, Heath sees GKN exports increasing from a rather modest 12 per cent. of turnover in 1974 to 20 per cent. by 1978. Investment overseas is also being stepped up, with a hot strip mill at Westernport, near Melbourne, Australia, jointly developed with Broken Hill Proprietary and scheduled for completion in 1978, as the biggest single project. Expenditure sanctioned for this project of the associated company John Lysaght, now amounts to £62m.

A company jointly owned with Tehran Motor is building a new forge in Iran to supply the burgeoning Iranian motor components industry. It will also assemble and manufacture transmission components of GKN design, for what promises to be the world's fastest growing car market in the 1980's.

But Mr. Heath, himself, is most enthusiastic about India, where he is contemplating a substantial investment in a new ball-bearing plant to complement the existing interests of Guest Keen Williams. India is now emerging as an export centre in its own right with small, but growing shipments of low technology items such as wood screws, nuts and bolts and forgings to markets like Australia and the U.S. West Coast. Mr. Heath, on his first visit to India, last year, was visibly impressed with the standard of workmanship and craftsmanship in India and expects GKN's 17,000 Indian employees to contribute substantially to the company's growth in the Middle and Far East.

He accepts that under Indian conditions, more people are needed to produce every ton of output, but argues that the newest GKN plants such as an air-conditioned jig-boring facility in Bombay can produce the quality and cost levels to match any in the world. Heath is rapidly converting GKN's overseas manufacturing operations to local nationals: in India, one of the few expatriates is nearing the end of his tour and his replacement will certainly be an Indian.

Direct access

Heath has set up an overseas control secretariat which monitors all the results of GKN's far flung operations. In addition, all the overseas chairmen, who are supported by strong boards of local nationals, have direct access to Heath himself or to any of the central research, economic or financial services in London. But he believes that the local operations must be given considerable autonomy.

The two regions where GKN is weakest are North America — a mere $36m. of automotive products is sold into Detroit—and Japan. GKN crankshafts are sold in American diesel engines and General Motors uses some Sankey wheels. The Japanese are more interested in licences, and have been the first to adopt a GKN petrol injection system. Transport costs, a determining factor in general engineering products and a significant one in automotive components, probably rule out any major expansion in either of the world's two largest markets. As Heath says, "We are not active enough in North America—our business is a fleabite—but we have held our market share in the recession and business is picking up now."

With so many different operations in so many countries, it is clearly difficult for a chairman to keep track of all that is going on in a group as large as GKN. Heath tends to work through flying factory tours, inspecting the production facilities, meeting the managers, workers and engineers and building up an information bank in his mind which enables him to make key decisions rapidly and accurately later. Such is the size and diversity of GKN that we are unlikely to see any radical changes in its direction in the short term. But in the longer run, it will certainly display a greater interest in overseas markets and in the development of new technology.

BY JAMES ENSOR

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Shape of the package

TO-DAY, less than a fortnight after the Chancellor's belated announcement that new measures to contain inflation were to be introduced as a matter of urgency, the Government is to publish a White Paper embodying its proposals. It always seemed likely that these would include statutory powers of some kind, despite the internal dissension which such a step was bound to cause within the Labour Party. The Government was finally forced into action, after all, by heavy pressure against sterling, and overseas holders of sterling will not be reassured by a purely voluntary programme of wage restraint after the failure of the social contract in its original form.

Even if external confidence in the Government's policies were less important—and the Government is anxious to maintain this confidence, if only to avoid the need for seeking an international loan and accepting the conditions which would certainly be attached to it — any incomes policy must embody a much tighter and more strictly enforced limit on wage increases to ram home the seriousness of the situation.

Mr. Healey's position has in fact been greatly reinforced by the narrowness of the majority by which the General Council of the TUC voted in favour of wage restraint and by the various unacceptable conditions which it attached even to this reluctant support. Some kind of legislative reserve powers must now be taken.

Price control

It is worth paying something, however, to obtain even the grudging support of organised labour in enforcing a policy that is bound to entail a temporary drop in living standards and to create tempora y inequities between one body of workers and another. It will not be surprising if the section of the White Paper dealing with pay restraint is closely modelled on the TUC document, with its recommended all-round pay increase ceiling of £6 a week and its recommendation that the 12-month interval between major pay increases should continue to apply.

The consultations between the Government and the TUC have been closer and more effective than those with the CBI. It is only realistic to assume that the latter's more restrictive recommendations about pay increases, not to mention its suggestion that social security benefits should not be available to those (or the families of those) who take industrial action against official policy, will go by the board. But it is certainly to be hoped that what the CBI has had to say about the need for pay restraint in the public sector and the damage likely to be done by still harsher price controls will not be disregarded.

As to price controls in the private sector of industry, it is to be hoped that the Chancellor is now fully aware of the close connection between the secular drop in profitability and the inadequate level of new capital investment, and will allow market forces to operate with the minimum amount of distortion in a trading climate which will be highly competitive. Any form of price control will be a political sop to union opinion rather than an instrument of economic policy; price control which leads to state subsidies can only undermine the Government's wider policies for controlling inflation.

Public spending

It is these wider policies, which require no supporting legislation, which will finally determine the success or failure of the Government's new initiative: the rest is sugar, intended to make an unpleasant pill more palatable. In the first place, the Government must set a limit—which should preferably be published—on the size of the public sector borrowing requirement and the amount of it which may be financed by methods which tend to increase the money supply: an inflated money supply will sooner or later lead to the resumed growth of inflation from a higher starting-point. In the second place, the Government must take firm steps to reduce public expenditure to a tolerable level. The Government side of the social contract, however little else it may have meant, is a standing reminder of the fact that inflation is inevitable if the state takes from workers to spend on their behalf too much of the earnings they would have preferred to spend for themselves.

Public expenditure: The latest article in our series on possible cuts examines the State industries

The Achilles' heel of the Government's policy

By HAROLD BOLTER, Industrial Editor

SOME 16 months ago the Chancellor of the Exchequer expressed his determination to phase out subsidies to the nationalised industries (other than British Rail) by the end of the 1975-76 financial year. The decision to move towards "realistic" pricing was generally welcomed, not least by the chairmen of the industries concerned, and it was undoubtedly a courageous one, but the policy will be difficult to sustain. This week's events at the National Union of Mineworkers' conference in Scarborough, despite the militants' climbdown, must raise the spectre of coal's losing its competitive edge over oil, going into deficit again and at least trying to turn to the Government for help, while steel, gas, electricity and the Post Office are also running into trouble. For some of them a new round of swingeing price rises, perhaps coupled with cuts in production or the services they offer, may be a partial way out but it cannot be the complete answer during a period of recession.

Greatest pressure

Whatever to-day's White Paper on prices and incomes contains, it is clear that the nationalised industries could be the Achilles' heel of the Government's policy. It is from their employees that the greatest pressure on wage controls will come, as it has for the last two years, and from within their ranks that there will be the strongest demand for higher prices. Any doubts about this must have been dispelled by the miners' decision to "seek" a £100 top wage, the identity of the unions which voted within the TUC general council, against accepting a £6 flat rate wage limit, and the Post Office announcement that it wants to raise postal and telephone charges in the autumn to yield some £290m. more a year.

The disquieting fact is that, although they have all had more than one round of price increases since Mr. Denis Healey's Budget of March, 1974, none of the major nationalised industries seems to be any nearer to becoming solvent. Indeed three—the Post Office, steel and the railways—are far worse off than they were then.

Mr. Healey's objective last year was to prevent the combined deficits of coal, gas, electricity, the Post Office and British Rail rising from just under £800m. in 1973-74 to at least £1.4bn. in the financial year which has just ended. He thought the deficit could be cut back to about £500m. if these industries were given their head and allowed to charge economic prices. But the five industries are expected to report losses totalling some £1.05bn. for 1974-75 over the next few weeks, despite price rises averaging around 40 per cent. which yielded close on £1bn. in extra revenue.

Coal must be a particular cause for concern and disappointment, even though the industry broke even in the financial year which has just ended, because 18 months ago it looked as though the National Coal Board had a real chance of at least stabilising production and manning levels and of making a profit sufficient to cover half the costs of an expanded investment programme.

As Sir Derek Ezra, the NCB's chairman, pointed out at the miners' conference, the average effective price advantage which coal had over oil delivered to power stations rose to about 44 per cent. early last year. That advantage has now fallen to little more than 10 per cent. because of a virtual doubling of the price of coal, largely the result of the miners' last pay award which averaged 33 per cent. Substantial tonnages of coal are already near to the crossover point where coal could again become uncompetitive against oil in the industry's main market, electricity generation.

If the price of coal should become 10 per cent. more expensive than oil the NCB estimates that it could lose as much as 5m. tons of business. And if coal was 20 per cent. dearer—not impossible, unless the miners go along with the Government's new prices and incomes strategy—the Board could lose 10m. tons of business. As Sir Derek reminded the Scarborough conference, it requires 2,000 miners to produce 1m. tons of coal a year—an implied warning, one supposes, that as many as 20,000 jobs could be at risk in the industry unless its costs are held down and productivity improved by at least 5 per cent.

Series of choices

Further increases in coal costs would put a whole series of choices before the industry and the Government, none of them very palatable. Redundancies might indeed be allowed in the industry, although employment rose by over 4,000 in 1974-75 (but it should be remembered that, despite a 4,000 increase in the number of jobs in 1974-75, employment is now down to around 256,000 compared with a post-war peak of 716,000), and the experience of the steel industry in trying to shed labour must raise a question-mark over whether dismissals would be allowed. It is equally possible, on past experience, that the Government could pay the NCB a subsidy directly, despite its present protestations that this is not on, arguing that coal is still badly needed until the North Sea oil is ashore.

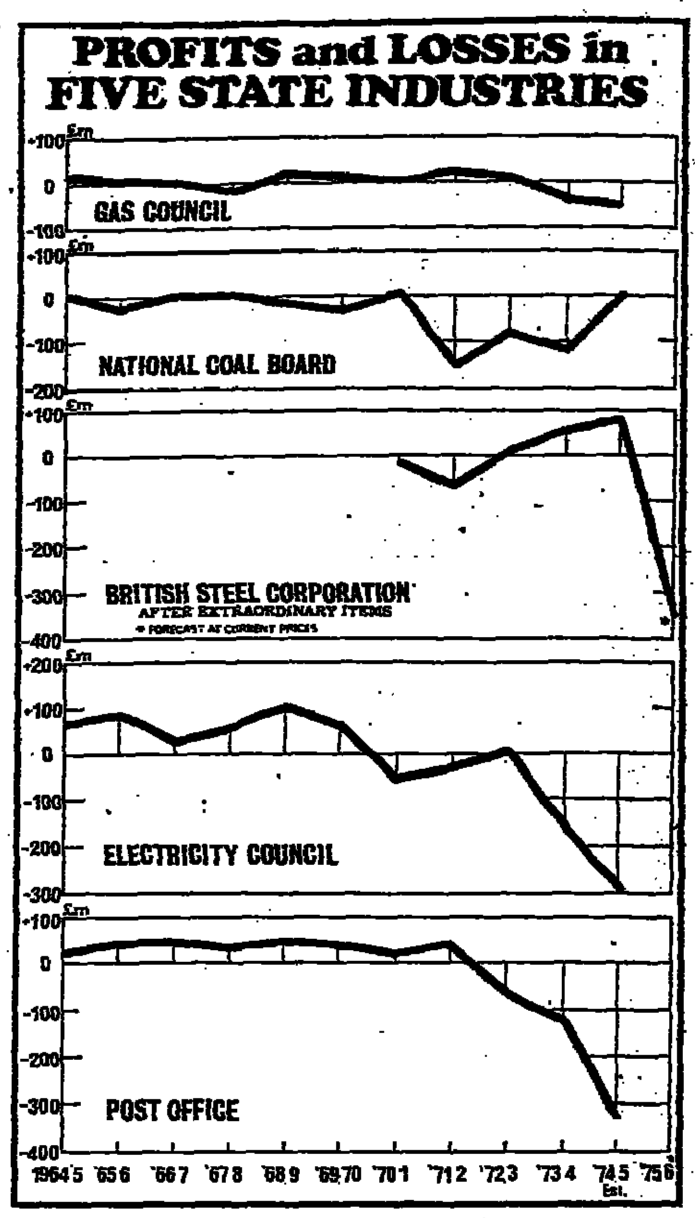
Finally, the Government could agree to compensate the electricity generating industry for the additional costs incurred in maintaining an uneconomic rate of coal burn. Certainly, if coal costs do rise and there is no form of subsidy, there will either be an acceleration in the pit closure programme or the Government will have to look again at its 10-year plan for coal, which is intended to include investment of around £1.4bn. in 42m. tons of new coal-mining capacity.

Although the coal industry's problems are currently more topical, they could soon be overtaken as a source for public and Governmental concern by those of the steel industry, which is now on a dangerous course.

In a fortnight's time Sir Monty Finniston, the British Steel Corporation's chairman, will produce his annual report. He is expected to announce that the Corporation made a profit of around £90m. in 1974-55, but that it could be heading for losses of £400m. or more in the current financial year. Some of its extra costs can be attributed to raw material price increases, including a steep rise in coking coal prices, but the BSC, like the NCB, and the other public sector industries, has also been subject to a heavy increase in labour costs, with more on the way. (Most BSC workers have just accepted rises lifting basic rates by 24 per cent. above a year ago, some 14 per cent. of this being "new money," but the blastfurnacemen are holding out for more).

There is no way that the Corporation can cover these extra costs through sales, with the market so depressed. This fact was recognised only last month when the BSC announced a new "flexible" pricing policy, including a cut in the price of products from its strip mills division which are sold mainly to the motor and consumer goods industries. At the moment that division is operating at between 50 and 60 per cent. of capacity and others are not doing much better.

Normally the BSC would have been forced to do what so many private sector industries are now doing—declare redundancies. But it has been prevented from doing so by the Government, following Sir Monty's angry exchanges with the then Secretary for Industry, Mr. Anthony Wedgwood Benn, over his plan to dismiss some 20,000 workers. Although little has been said publicly, it can be taken that the Corporation's alternative scheme, agreed with the unions, for voluntary redundancies and other cost-saving measures is not working very well.



Investment strategy

Nor, for that matter, has the Corporation had much success in persuading the Government to accept the implications for employment of its investment strategy, under which it should be spending close to £6bn. at current prices by the early 1980s. The closure dates for older works in England and Wales originally proposed by the BSC have generally been set back by Lord Beswick, the Minister for Industry, while the Corporation is still awaiting a decision on plants in Scotland.

The BSC cannot raise its prices, then, cannot save on labour costs, may not be allowed to cut out inefficient works, and may have to delay the introduction of new facilities. Its chances of avoiding a huge deficit in 1975-76, therefore, look remote. Under the rules of the European Coal and Steel Community the Corporation is not allowed to receive subsidies from the Government, but it is difficult to see much alternative, however the subsidies are disguised and described.

The BSC probably has more reason than most of the nationalised industries to feel aggrieved about Government policies. Although it has been estimated that the Corporation has received some £557m. from public funds in various ways since nationalisation, it can also claim that the total cost of Government intervention in holding down its prices since nationalisation has been of the order of £700m. Government price controls may have had little effect on reducing inflation, but they have certainly robbed the BSC of cash with which it might have been in a better position to ride out the current slump.

Unlike steel, the Post Office is able to improve its financial position by raising prices, and that is what it will try to do from September 29 if it gets the Government go-ahead. From then first-class letters would cost 8½p (up 21 per cent.) and second-class mail 6½p (18 per cent.), while parcel post charges would rise by an average 30 per cent. Then, from October 1, the minimum charge for a dialled telephone call would go up by 1.8p to 3p.

The sad fact is that there appears to be no alternative to these increases other than the Government providing the industry with more than the £70m. subsidy it has promised for this year, or allowing the Post Office to get on with the long overdue task of dealing with overmanning. Later this month the Post Office will report a £330m. deficit for 1974-75, which will be duly covered by Government compensation. And, although it now appears to be in a break-even situation, that, too, could be an illusion.

The railways are in a special position, it having been accepted that the railway system as a whole has no foreseeable prospect of commercial viability while the other State-owned concerns, even the Post Office, hang on to their dreams. It is sufficient to say that, over and above the capital finance required for British Rail investment this year, the estimated cost of subsidies for the railway passenger network in 1975/76 is of the order of £400m., plus £100m. special assistance for railway pensions.

Gas and electricity will report their 1974-75 results at the end of this month. For electricity, there was a deficit of around £300m., although 1975-76 may be better following the £460m. a year price rises brought in during March. British Gas lost something over £40m. last year, while it is an open question whether there will be a profit in the current year as the Corporation still has a price rise claim outstanding.

A great deal of courage

It will not be easy for the Government to reduce expenditure within the nationalised industries. A great deal of courage would be called for, particularly in the area of employment, and the Government itself would probably have to re-examine its philosophy about the role of the public sector corporations. For some time it has been apparent that governments, both this one and its predecessors, have not been able to make up their minds whether they want the State concerns to be managed by enthusiastic entrepreneurs or acquiescent functionaries, and this has affected morale. The Government must also remain aware that, although there may be room for short-term financial savings, the nationalised industries are a stabilising factor in the economy and their investment programmes could be the springboard for recovery from the recession.

Little to spare for the granary

THE confirmation that serious discussions are going on between the U.S. and Russia over the sale of what may prove to be as much as 10m. tons of American grain is an unhappy reminder of events three years ago, when very large Russian and Chinese purchases, ahead of what proved a disappointing harvest, were an important factor in the enormous rise in grain prices which followed. The Americans learned from that experience that dealings between a free market and central purchasing authorities representing hundreds of millions of consumers cannot simply be left to unsupervised commerce: such deals can make nonsense of U.S. commercial policy as well as proving disruptive.

Insurance

The fact that sales must be approved in advance by the Department of Agriculture is therefore some insurance against accidents; but it is no insurance at all against continuing high prices, which are after all in the U.S. interest; and it is a setback for the hopes which were expressed in Rome last year that a world stockpile of perhaps 60m. tons — the minimum assurance against disruption from another generally disappointing harvest — could be rapidly built up again.

The U.S. is certainly not to blame for the fact that food security has not a higher claim on this year's harvest. The truth is that the major importers have been hoping to get the benefits of security out of high U.S. production, following the American pledge in Rome to place no restrictions on output while security stores remained low, but have not offered to contribute to the cost of creating a stockpile. Since the U.S. is also agitating to get a serious hearing for its continuing grumbles about EEC fa m policies, the U.S. agricultural authorities are not in a mood to pay too much attention to the susceptibilities of others. Sales to Russia will be contained within a level which appears prudent from a purely U.S. viewpoint, and no other.

Those most concerned about this situation, as the Rome conference demonstrated, will be the third world countries who normally look to the U.S. for emergency supplies, in the Indian subcontinent and, more recently, in the drought belt of Africa. They have no practical influence on the situation, for they lack the resources to buy security; but this is one of those rather naturally emotive issues which is helping to muddle the slow dialogue between the developed countries and the third world.

The short-term European and British interest in the whole question is minimal, as long as the world price remains below the EEC intervention price. British consumers may be more worried by the growing pressure to devalue the "green pound," so that British intervention prices will come more nearly to reflect the depreciation of sterling; the poor harvest prospects in the U.K. only weaken our position. For the longer term, however, Britain has more to lose than any other EEC member from the continuing disagreement between the EEC and the world's major surplus producer over commercial policy, and the still precarious position over food security for the world as a whole. The long-term reform of the EEC farm policy must not only be concerned with more sensible internal arrangements, but with a less insular outlook. World grain supplies remain far too tight to permit the kind of complacency that implies.

MEN AND MATTERS

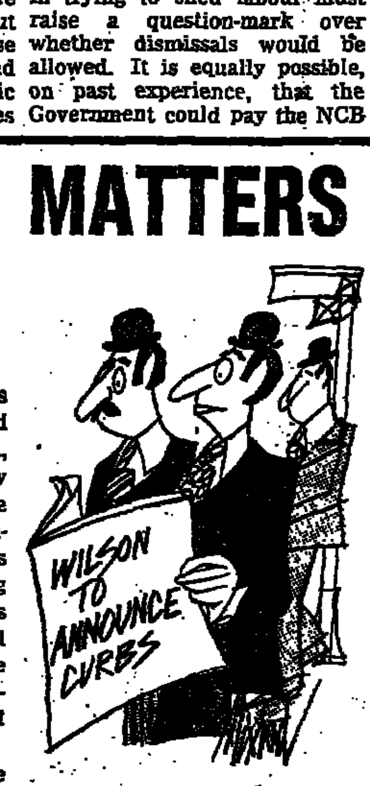
Stenson: laughing last

The ups and downs of business life were ironically illustrated yesterday when Alec Stenson, having found £100,000 to buy 400,000 shares, moved into the chairmanship of G. A. Robinson, automotive accessories suppliers. This comes not long after the appearance of Dennis Blake—once on the successful end of a Boardroom wrangle that ended with Stenson's departure—in a bankruptcy court to declare debts of £3m.

Stenson, along with Andre Knight, built up Albany Tyres, a business similar to Robinson before it merged with Brown Brothers. Stenson and Knight, as joint chairmen of Brown Brothers and Albany, decided to invite Blake on to the B B & A Board as chief executive.

Though they had known Blake socially for some time, it was clear that they were unaware of Blake the businessman and clashes in management styles led to the ousting of Stenson and Knight despite their sizeable holdings in the company. Since then Stenson has been keeping a low profile, but he clearly has not been caught by the slide in the stock market, the factor to which Blake attributes to his fall from riches (he was once worth over £4m.).

At Robinson, Stenson rejoins Tom Farmer, Robinson's chief executive, who in 1968 sold a tyre-fitting business to Albany for £400,000. Until recently, Robinson also had property and tool merchanting interests, but those proved to be less than successful and a concentration on the motor business is now under way. In recognition of this the company's name was ysterday changed to Kwik-Fit (Tyres and Exhausts).



"I've never known a Government so indecisive about how to break its election promises."

MNB v NUBE

It is no good the Moscow Narodny Bank "trying to treat us like a Russian trade union," said Leif Mills, general secretary of the National Union of Bank Employees, a man who can recognise a quotable remark when he makes one. In this case he is on fertile ground, for even if it is false to imply that the Moscow Narodny is governed by lonely Russians who know nothing of capitalist phenomena like share dealings and union pay claims, there is nevertheless much easy fun to be generated in the new dispute.

NUBE says it is taking legal advice over a letter from the bank which the union claims promised arbitration on a pay claim. This promise, it says, was abruptly cancelled following a meeting of the Board, which is all Russian.

At issue is the difference between the NUBE claim of 31 per cent. and the 22.5 per cent. the bank is offering (this being the rise British clearing bank staffs settled for). So NUBE reckons the Russians can afford more than Barclays, NatWest and the like. As for being treated like Russian trade unionists, it should be remembered that NUBE is still not restored to the TUC, so it did not get the chance to meet ex-Brother Shelepin.

Acting up

Big Walt Smith hit town yesterday. The immediate past president of the American Chamber of Commerce (UK) and deputy chairman Europe and the Middle East of Young and Rubicam, the international advertising network, was billed to talk on "significant aspects of European business." A former head of Y and R in Britain, Smith observed his audience at the Savoy and saw no one hanging from the chandeliers because of overcrowding.

He put this down to the subject or possibly the speaker. He might also have considered that last month Chamber members subscribed in vast numbers—they had to move to the Hilton—to hear Anthony Wedgwood Benn, and got little for their extra entrance money since the Minister changed jobs the day before and cried off the speaking engagement. Smith's reaction yesterday was just to tear up his prepared speech.

Instead, we were treated to an impassioned plea for Europe and the U.S. to produce a coherent energy policy. For one thing Smith could not see how the States could lead talks on such a policy if it did not have one of its own let alone a drive to inform and persuade Americans to be less wasteful. France and the U.K. were the good guys in a world of baddies in this particular case.

Smith had been introduced by Chamber president Harry Cressman, who pointed out that in his youth the speaker had been an accomplished actor — it was not necessary for an adman to be an actor, said Cressman, but it probably helped. Smith proved at least that he is the complete adman: Young and Rubicam acts for the "Save It" campaign in the U.K.

Rumours

As I noted at the time, there was a bizarre rumour doing the rounds just before the last election that Sir Claus Moser, eminent chief of Government statistics, had said in a speech at Southampton that the Treasury was prediciting 40 per cent. wage (or was it price?) rises in the coming year. For those days, a harrowing prospect. But it was denied firmly and anyway Moser was in Geneva, chairing a U.N. statistical commission.

Yet his links with Southampton are in fact very strong. He takes a close interest in the work of Southampton University's social statistics department, a regular training ground for statisticians who end up in Government service. The bond is being strengthened to-day when Moser is due to receive an honorary science doctorate from the university. Mentions now of a 40 per cent. forecast last October would, presumably, scarcely raise an eyebrow.

. . alarms

Weaning Britain off stratospheric inflation is the subject for another ceremony to-day, with the Government due to present its grand counter-inflation plan. But are we so embattled that the Prime Minister must choose a Ministry of Defence building in Whitehall to hold his explanatory Press conference?

Observer

POLITICS TO-DAY **BY DAVID WATT**

Where common sense is not enough

THE PUBLICATION of the Government's White Paper to-day is another instalment in the endless lesson whereby events educate obdurate minds in the truth that you cannot take the politics out of economics. The attempt to cure British inflation by inducing a deflation and pretending that it was all the result of impersonal market forces outside the control of politicians has broken down. The pretence could be kept up only if the policy did not hurt too much; but it needed to hurt if it was to be effective. Now the cat is out of the bag, and the Cabinet has been plunged, of necessity, into an exercise that is far more political than it is anything else.

Psychology

The problem has been to balance two factors against each other. The first is the effect of any *given* set of measures on international confidence in the pound; the other is the effect of those measures on the survival of the Government. Both these factors are almost impossible to weigh by any scientific means and can be assessed only by hunch and political flair. The calculation is made even more difficult because the two factors are probably more closely linked than this "either-or" classification suggests. It is not simply a matter of national interest versus party interest. If the Government as a result of trying to impose tough measures were faced with the defiance of its supporters and of the trade unions might not the effect on external confidence be even worse than if the measures had been rather less severe?

We are dealing here with psychology, mythology, and often with fantasy as well. What, after all, causes an Arab oil magnate to put, and keep, his money in sterling? Partly the interest rate, partly the desire to spread his risks, partly historical and emotional ties with Britain, partly the convenience of doing business in the City of London, partly the fear of the chaos the collapse would produce. All very complex. What would cause him to withdraw his investment thereby accepting a certain loss as opposed merely to a possible one? Even harder to say. The Treasury convinced Mr. Denis Healey last week, and Mr. Healey convinced the Prime Minister and the Cabinet, that some major OPEC sterling-holders *had reached breaking* point, but a number of Cabinet minsters are now having doubts.

If there are doubts about the past there are doubts about the future as well. It is easy enough to say that foreign confidence will be restored by whatever policy is "effective." But this formulation begs all the questions. Now that the Chancellor is committed (whether rightly or wrongly) to a "tough" policy by his statement last Tuesday week, *the outside* world's idea of what is or is not likely to be "effective" has changed.

It is perfectly arguable from an objective point of view that, in order to bring British inflation down to single figures by the end of next year, all the Government needs to do is to keep a pretty tight rein on public expenditure and overall demand and to be prepared to resist ruthlessly pay claims in the public sector above a certain amount. But unfortunately, after what has happened, nobody is going to frightfully impressed by any *such statement* of intent. Labour Governments have not been noted in the past for their ability to hold the line in any of these respects and there are, therefore, justifiable doubts about the political will of the present Government to do any better when the time comes. What is required is a demonstration of political will *now.*

Terry Kirk

Mr. Mick McGahey (left) listens as the Prime Minister addresses the NUM conference: the *Government has been able to get away with much more than anyone thought possible in* the package to be unveiled to-day.

What constitutes an adequate demonstration? The Conservative Opposition will answer: "really swingeing cuts in public expenditure;" and, because its attitude will presumably have some influence on external confidence, the Government is obliged to pay some attention—even though this choice of solution has far more to do with Conservative inability to agree on an alternative than it does *with any well thought-out* scheme of economic priorities. But how much of a cut would in fact be "enough" to make the difference between scepticism and belief among our creditors is very hard to say.

The same applies to incomes policy. Like public expenditure cuts, statutory policy has an economic effect on inflation. But the *degree of ruthlessness* and stringency actually required to bring down the rate of inflation is not necessarily as great as that required to keep sterling holders happy. Ministers have been considering this last week, for instance, five possible incomes policy strategies for the private sector: 1—To do nothing: 2—to strengthen the price code by legislation in order to clobber errant employers by financial sanctions: *3—to threaten penal legislation* to be brought before Parliament as soon as the first breach of the pay norm occurs; 4—to bring in penal legislation at once to be triggered in its operation by the first breach of the pay norm: 5—to introduce and apply penal legislation forthwith.

From an objective point of view it is possible *that nothing* more severe than item (2) in this list is needed to bring down inflation. But the demands of the confidence factor have pushed the Treasury into clamouring for item (5). If the majority of the Cabinet has opted for item (3) or item (4), that is not merely because of political difficulties on the other side of the balance but because nobody can know for sure what degree of self-inflicted pain and *trouble external opinion will* believe has proved the Government's political will to tackle the problem.

The task of making a reasonable calculation of the risks is, therefore, extremely hazardous. And the trouble is that hardly anyone in the Cabinet is qualified to take a realistic view on the subject. With the exception of Mr. Harold Lever, who *knows a great deal about* the foreign exchange market, and the possible exceptions of the Prime Minister, the Chancellor and the two ex-Chancellors (Mr. James Callaghan and Mr. Roy Jenkins, who have had to deal with it), everyone is having to go by the pure light of *common sense; and when one* contemplates Mr. Fred Peart or Lord Elwyn Jones or Mrs. Barbara Castle forlornly trying to think themselves into the skin of an oil-rich sheik, one wonders whether common sense is enough. There is, of course, expert advice—but how reliable is it?

Some relief

Given these uncertainties, it is not surprising that any normal politician will tend to turn with some relief from a psychology he does not understand to one that he does—in this case the psychology of the Labour Movement. And if Labour ministers have given excessive weight to this rather than the other they have been able, as I say, to rationalise their preoccupation very plausibly by asking themselves what would happen if they attempted too much.

To take the extreme case, let us suppose that the Treasury's preferred solution—item (5)—had been adopted. Mr. Michael Foot and Mr. Anthony Wedg*wood Benn would have re*signed. The TUC would have denounced the deal. The legislation might have passed with Tory votes in the Commons, but the TUC Congress, the Labour Party Conference and the wage claims of the autumn would have produced a crescendo of militancy. The Left wing in Parliament would have gone into more or less permanent *opposition and it would have* been only a matter of time before a combination of unions and parliamentary pressure brought the Government to its knees. In the prolonged death-throes, the chances of a calamitous run on sterling would be far greater than the risks incurred *by a less aggressive* assault on the taboos of the Labour Party.

One does not have to adopt *every detail of this remarkable* scenario in order to concede that there is something in the point. Certainly I believe that those who implicitly welcome a *catastrophe in order to bring* about a coalition are barking up the wrong tree. The most likely result of a collapse of the present Government is a general election, which the Conservatives might well win, and, as most Conservatives will concede, that is not a prospect that fills the heart with much elation.

Starting, therefore, from this end, as it were, ministers have tended to ask themselves what *is the maximum that they could* get away with in Labour Party terms and still survive. The short answer has been "much more than anyone thought." This is because, *for example,* of Mr. Jack Jones and his fear of the collapse of the Labour Government (and with it, no doubt, his own political influence) which has led him into a position which a year ago would have been regarded as absolutely impossible. A *squeeze on working-class* living standards, interference with free collective bargaining, back-up statutory powers—it is almost unbelievable that a majority of the General Council of the TUC should have supported such a package. The political price that has had to be paid has been obeisance to some of the Labour Party's fetishes.

Some of these do not matter very much in practice, though they have distinctly tiresome overtones. The proposal to cut Cabinet *salaries is one example,* and the insistence on operating legal sanctions exclusively through the employer is another. More serious consequences flow from the adoption of a flat-rate norm in deference to Mr. Jones' egalitarianism for it will make the operation of the whole policy precarious in its second year and almost impossible to phase out without a mad rush to restore differentials.

Played down

Another serious question may turn out to be the public expenditure exercise, which has been played down for fear of repercussions on the Left but whose reality may dawn at a *more inconvenient* time than the present. Mr. Healey obviously wishes to persuade the *cognoscenti* abroad that he is serious about monetary policy without alarming supporters at home. He might easily fall between the two stools.

Nevertheless, the Cabinet does seem to have made for the tiny patch of ground where external credibility and internal political possibility overlap. This piece of terrain may turn out to be as marshy as the surrounding morass when any great weight is put on it. But to have found such a tussock is a considerable political feat and if it only provides a temporary resting place, that is better than nothing.

Letters to the Editor

Pressure by unions

From the Assistant General Secretary, APEX

Sir,—Your Midlands correspondent reports (July 9) that proposals by Association of Professional, Executive, Clerical and Computer Staff to begin the process of democratising Lucas Industries have been given "the brush off" by the technical section (TASS) of the AUEW, on the grounds that such proposals have "no real value while industry remains in private hands."

Meanwhile, as your correspondent also reports, redundancies running into thousands have already resulted from the uninhibited exercise of managerial prerogative within Lucas, with the possibility that more may follow. If we wait until Lucas is taken into public ownership as suggested by TASS before we make any attempt to change the basis of decision taking, we may find there are no jobs to save.

But, *as every trade unionist* knows, it is not the question of ownership which is central to the development of industrial democracy. None of our nationalised industries can claim any distinction in this respect; indeed it is quite often the reverse situation which is true. What is really decisive is the dedication and enthusiasm with which trade union members and their officials pursue industrial democracy.

The proposals advanced by APEX were formulated as a *direct result* of the experiences and objectives of our members as set down in policy statements endorsed by successive annual conferences. What is really tragic about TASS' response is that it is a recipe for inertia. Such attitudes do not augur well for the future of the great efforts being made by ordinary trade unionists in, for example, BLMC, or in other struggling areas of the economy.

Hopefully the many other unions who want to see real and speedy progress in this direc*tion will keep up the pressure* as APEX is doing. Not the least success of these efforts will be to persuade others in the movement to take up the cause.

Ray Edwards.
Association of Professional, Executive, Clerical and Computer Staff,
22, Worple Road, S.W.19.

Industrial democracy

From The Chairman, Movement for True Industrial Democracy.

Sir,—Mr. Crosby's elegant sarcasm (July 8) brings welcome light relief to all those worried about the national problems, but he falls into a customary trap.

He attributes the falling £ to the recent Parliamentary broadcasts rather than "militant trade unionists"—and these words are the trap. One can be militant without being mindless and it is not "trade unionists" as a whole who wish to bring the country to its knees by the "incessant demands for higher wages." *to which* Mr. Crosby refers. These claims are pressed to the limit on their frequently unwilling behalf, as investigation of any dispute can disclose, by leaders whose *motives are mixed,* to say the least, and some of whose tongues are as far in their cheeks as is Mr. Crosby's.

Fortunately, the groundswell for "moderate" or "mindful" trade unionism with its demands for democratic, rather than politically motivated union decisions, is growing apace; its recognition at Congress House is long overdue.

Syd Davies.
Truemid (and former AUEW Shop Steward, Birmingham),
47, Victoria Street, S.W.1.

Subsidies for housing

From Mr. W. S. Roe.

Sir,—I should like to comment on the interesting article by Anthony Harris in Monday's paper.

Local authority housing accounts would be even further in deficit if they had had to finance the very expensive modernisation programmes which have been costing as much as £5,000 per house, all of which has been provided by the Exchequer, and rents have not been revised to allow for this.

I agree that tax relief on mortgage interest is an indirect subsidy, and it would be equitable to phase it out provided that all other housing subsidies were abolished and council houses were let or sold at *current* market values.

I think, however, that it is very questionable to class the abolition of Schedule "A" tax as a subsidy, on the grounds that owner occupiers save themselves *rent by living in the house* they own. Surely if we follow this line of argument, there should be a tax on all owners of capital equipment—those who buy motor cars, washing machines and TV sets, do not have to pay bus fares, laundry bills or TV rent, and some way should be found of taxing them on this money which they are saving! Would you not agree that this is nonsense?

W. S. Roe.
31, Ellesmere Road,
Ellesmere Park,
Eccles,
Manchester.

Loss of interest

From Mr. A. Newlyn.

Sir,—I was astonished to read in your Monday's edition a repetition of the hoary old lie (now gaining currency, I fear, in official circles) that owner occupiers pay no rent. I pay "rent" equal to the interest I could earn on the capital sum tied up in my property.

Work it out! At a value of £20,000 my house is losing me interest of about £3,000 a year (£20,000 x 15 per cent. on long dated gilts). Even after tax, I could pay for a pretty good council house with a rent of that size.

And yet lately, by some exercise of twisted logic, more and more trendy journalists are telling me, not only that I pay no rent, but that council house tenants are actually badly off in their subsidised, worry-free, council decorated and repaired rented accommodation. Any spare council houses going begging, please?

A. Newlyn.
97, Burgh Road,
Gorleston, Norfolk.

Schedule A tax

From Mr. J. Rodrigues.

Sir,—I am concerned at statements made in the article by Anthony Harris "A Radical Look At The Council Tenant." Particularly because Government policy is presently being moulded and statements made in an article such as this do carry weight in formulating ultimate decisions.

The owner/occupier has to repay capital out of taxed income. *The higher the income* and the greater the capital, the greater the squeeze on the owner.

There is presently a large *stock of* un-occupied higher priced houses. If Schedule A tax is re-introduced, it is likely that there will be a further decline in demand for these houses with a *consequent increase in demand* for cheaper houses and an increase in their price.

The Government has effectively killed the supply of *private rented property* by legislation and I doubt if confidence can be restored in that sector of the housing market by the imposition of Schedule A tax. *More likely, this would result in* an addition to "for sale" notices outside higher priced and empty properties.

There is a demand for the supply of "undercost" housing or cheaper rented property. Surely the way to satisfy this would be:—(1) To give allowances and facilities to owners to rent properties. (2) To impose taxation on a service or commodity presently in strong demand to provide for the shortfall in housing finance.

J. L. Rodrigues.
13, Elm Grove,
Wimbledon, S.W.19.

Staggering return

From the Technical Editor, Accountancy.

Sir,—John Chown's article of June 28 "How inflation erodes individual savings" was a masterpiece of clear expression leading up to sound investment advice, that is, advising every investor to consider taking up his full entitlement of the Government's recently introduced index-linked bonds.

The prospectus for the SAYE index-linked contract has since appeared and further clarified one of the points raised by Mr. Chown. The new contract can be entered into by all persons aged 16 or over whether in employment or not. This means that men over 65 and women over 60 can participate in both the index-linked National Savings Certificates and SAYE schemes.

I wonder how many readers have troubled to calculate the equivalent rate of return that these bonds represent in terms of, say, bank interest? Even ignoring terminal bonuses, the return on these bonds, if we assume inflation at 30 per cent., will be 46 per cent. per annum to the basic rate taxpayer and a staggering 1,500 per cent. to those on the top rates of tax. If inflation is reduced to 10 per cent. the value of the index-linking will be 15 per cent. and 500 per cent. respectively. How many readers can ignore John Chown's advice?

Jeff Wooller.
56-66 Goswell Road, E.C.1.

Rights issues

From Mr. L. Goslin.

Sir,—A balanced and informative article in your Lex column of July 7 on "Rights issues and shareholders" was marred by its rather purist approach to capital investment. It stated "There is a tendency to fall back on spurious arguments such as somehow companies are doing their shareholders a favour by taking money from them and paying it back as increased dividends." *May I suggest that they are* doing just that; and if Lex thinks otherwise he is sadly neglecting the basics of equity investment.

The classic pattern of, say, a company with small capitalisation is to declare a scrip issue, followed after a suitable period by a rights issue. By this means its shares become more marketable, i.e., there are more of them at a lesser price; the rights issue can be offered on more favourable terms; a much higher dividend can be paid than the statu*tory 10 per cent. limit,* which does no harm at all to the share price.

This argument of course does not always hold good: and I can quote much more horrendous examples than Lex. For instance, Tricentrol which issued "rights" not so very long ago at 150p plus, only to see its share price sink in the market recession to well below 30p; Pointer Gp which issued two lots of rights at quite high up, before being prevented from liquidation by being taken over *for a song by Ready Mixed Concrete; Pleasurama,* which issued rights in 1971 at 50p, now only 26p!

Of course, in the last resort it *is management* that always counts: but in the case of a dividend covered perhaps by six to nine times earnings, can it be wrong? Far better to distribute *money* to shareholders where it can be put to some use, than hoard it like misers only to fall to the tax-man's axe in the end.

Lionel S. Goslin.
Greenways, Weston Underwood,
Nr. Olney, Bucks.

Elected at random

From Mr. T. Simms.

Sir,—You have published several letters describing and commenting on various schemes, some very ingenious, aimed at achieving a more representative Parliament—but if we really want true proportional representation I cannot think of a more reliable way of achieving this than by random selection on the same basis that we select people for jury service.

I think that 600-odd (that is the same number as constituencies *we have at present)* would be a large enough sample to give us an accurate enough indication of the nation's wishes and objectives but there would be nothing to *prevent us from increasing* the number if thought desirable. We could ensure continuity by changing say 20 per cent. every year so that everyone so selected did a five year stint—or we could change one every fortnight, for example. With this concept, perhaps the stint could be shortened say to one year, without loss of continuity.

I am not, however, as enthusiastic about proportional representation as some of your contributors because I think there are more important considerations and right now there is nothing as important as the need for a strong and effective government. In my view therefore the achievement of proportional representation is not sufficient justification for us to give serious consideration to such a scheme.

There is however a much more compelling argument for the random selection system, namely, our representatives not having either put themselves up for election or having been elected would not be subject to the pressures which we apply to our present day politicians, which lead to completely unrealistic *manifestos and promises. Of* course there would be problems with such a system. Parliamentarians and other politicians and students of politics and govern*ment, and others will doubtless* point out that such randomly selected representatives would not possess the professional political knowledge, skills or *judgment or perhaps even atti*tudes necessary to conduct a parliament.

My counter to this argument is that in our present system a *large proportion of professional* political knowledge, skills and judgment is expended wooing the electorate and in opposing parties and factions scoring points off each other and is therefore unproductive. Very little effort seems to be directed to actual government in the real meaning of the word. The randomly selected representatives on the other hand would be able to concentrate on their main task which would be to agree and write down both short and long term objectives (an activity which seems to have been abandoned altogether by recent Governments) - and agreeing realistic and sensible policies to achieve these. They could be *supported by professional staff* appointed to research and advise and to organise and operate the instruments of Government.

I realise this letter might be read as a rather poor and cynical view of our politicians and Government: this is not intended. Contrary to the seemingly popular view these days, I happen to hold the view that most of our politicians are sincere, hard-working, intelligent and well meaning people. Unfortunately, most seem to be misguided but their chief fault, if *indeed it is their fault and not* ours, the electorate's, is that they have allowed themselves the excuse of expediency in tinkering with present day and short term problems, rather than facing up to the real and longer term issues.

T. E. Simms.
49, Heaton Grove,
Bradford 9, West Yorkshire.

Cuts in MPs' pay

From Mr. C. Smedley.

Sir,—In David Watt's article (July 4) concerning MPs' pay, he claims that it is one of the most conspicuous examples of a salary which cannot possibly be determined as the result of market forces. As a free marketeer I beg to differ.

At the current salary level there are, at every election, far more aspiring candidates than candidates ultimately standing for election. This is a clear case of over-supply due to unnecessarily high salary levels for those who succeed. No profit minded company would continue to offer a salary for vacancies if those vacancies were continually oversubscribed by high quality candidates.

I would suggest to the Government that it cuts MPs' salaries annually until the level is reached where the number of aspiring candidates is closer to the number of candidates standing at elections.

Charles Smedley.
49, Lennox Gardens, S.W.1.

To-day's Events

GENERAL
Mr. Harold Wilson, Prime Minister, and Mr. Denis Healey, Chancellor of the Exchequer, give Press conference following publication of White Paper on Government's wages policy.
Dr. Henry Kissinger, U.S. Secretary of State, and Mr. Andrei Gromyko, Soviet Foreign Minister, continue talks on Middle East situation, in Geneva.
King of Sweden ends his state visit to Britain.

PARLIAMENTARY BUSINESS
House of Commons: Prime Minister makes statement on White Paper on wages. Private Members' Bills.

OFFICIAL STATISTICS
Building Societies' receipts and loans (June).
Index of industrial production (May).
British Steel Corporation production (June).

SPORT
Cricket: First Test, England v Australia, continues, Edgbaston.
Golf: Open Championship continues, Carnoustie.

COMPANY MEETINGS
Associated British Foods, Connaught Rooms, W.C., 11.
Brownlee, Glasgow, 12.
Hartwells, Oxford, 11.
Hinton (Amos), Cleveland, 2.30.
London Asiatic Rubber and Produce, 1, Great Tower Street, E.C., 11.30.
Sabah Timber, 1, Great Tower Street, E.C., 2.45.
Viners, Sheffield, 12.

COMPANY NEWS + COMMENT

44% midway leap to £3.6m. at Coral

FOR THE six months to June 30, 1975, taxable profit of J. Coral Holdings shows a 44 per cent. jump from £2.49m. to £3.59m. This represents the highest profit for any half year in the group's history.

The directors say they have every reason to believe that in prevailing conditions the group's operations will continue to perform satisfactorily.

It is their intention to declare an interim dividend early in November and it is expected that the dividends in respect of the current year will be at the maximum rate permitted.

	Six months 1975 £000	1974 £000	Year 1974 £000
Turnover	67,800	63,000	134,800
Trading profit	3,792	2,371	4,916
Interest	202	233	387
Pre-tax profit	3,593	2,492	4,529
Tax	1,867	1,296	2,470
Net profit	1,723	1,196	2,039
Minority	173	136	235
Attributable	1,550	1,060	1,804

The increase in profits stems mainly from bookmaking, where careful attention to both gross profit margins and costs of operation has enabled this division to show improved profits against a background of a comparatively small increase of turnover in the off-course industry as a whole, explain the directors.

The casino division, while trading profitably, has been somewhat disappointing as compared with the previous year. Bingo operations have improved, both in activity and profitability, and this improvement is expected to continue, they add.

● comment

Coral has had a bumper second quarter, with £2.3m. pre-tax more than double the quarterly average in 1974, when the final three months made only £54,000. The casinos have been disappointing and Coral's "other activities"—a mixture of boats, property, discos and the Coral index—are ticking over nicely. Thus the betting shops are the key to the latest profits upsurge, with the group cutting out unprofitable outlets and restoring margins against a background of favourable racing conditions in the three months to June. This half the casinos will be squeezed further; but Coral looks set for a solid enough year in off-course betting. At 103p the shares yield 9 per cent.—which is part compensation, at least, for any fears of a sharp downturn in betting turnover in 1976.

INDEX TO COMPANY HIGHLIGHTS

The directors expect satisfactory results for the year, in the absence of Government measures affecting costs or selling prices.

After tax £170,000 (£130,000) the half-year's net profit is £157,000 (£125,000). The interim dividend is 0.63p (0.59p) net.

Statement, Page 23

Mitchell Somers peak

ENGINEERS and forgemasters Mitchell Somers announces an upsurge in taxable profit from £467,084 to a record £1.13m. for the year ended March 29, 1975, after an expansion from £226,631 to £443,159 at midway.

Earnings per 10p share are shown to have risen from 2p to 5p and a final payment of 0.598p lifts the total dividend from 0.894p to 0.948p net.

	1974-75 £	1973-74 £
Group turnover	9,551,215	6,901,553
Profit before tax	1,132,352	467,084
Taxation	541,597	228,354
Profit after tax	590,755	238,730
Dividends	112,152	103,996

● comment

Even adding back Pressure Dynamic's losses of £172,000 to the 1973-74 profits, Mitchell Somers still emerges comfortably ahead in 1974-75, and the unadjusted second-half spurt of £0.44m. looks particularly impressive. The group itself is delighted with the outcome, and the 50:50 split in sales growth between value and volume adds up to buoyant trading conditions. In addition, borrowings have fallen by about £0.2m. to £0.8m., but the run-down in stocks has been matched by longer credit extended to debtors, so the improvement in debt could be short-lived. At 17p, the shares are at a high for the year, and the yield is 8.9 per cent.

Watson and Philip

In the half-year ended April 25, 1975, turnover of foodstuffs distributors Watson and Philip rose 28 per cent. to £15.06m. and profits before tax by 25 per cent. to £327,000.

Wearwell tops £1m.—25% scrip

CLOTHING manufacturers and wholesalers Wearwell reports turnover up from £4.88m. to £7.16m. for the year to May 2, 1975, and an advance in profits from £827,493 to £1,007,055 before tax of £551,485 compared with £428,104.

In the current period turnover is again showing a "substantial improvement" indicating further growth in profits for the year.

Earnings are shown to be up from 4.5p to 5.2p per 5p share. A final of 0.5p net lifts the dividend from 3.75p to 4.25p—costing £358,486 (£300,000) and a one-for-four scrip issue is also proposed.

● comment

Wearwell has maintained sales growth at 47 per cent. over the year while margins have recovered impressively during the second six months to leave an annual pre-tax gain of 22 per cent. after a 15 per cent. increase at half-time. The background to this is that the improvement in sales has all been in volume—garment prices have been static for two years—and overhead expenses have been pinned down thanks to economies imposed on the business during the first six months. Demand is clearly no problem for Wearwell at the moment and the first two months of 1975-76 have already registered a 55 per cent. sales rise (again, all volume) with margins continuing to widen and market share rising. The group is currently building up stocks to meet what promises to be a bumper autumn season, and sights are set on making at least £1.3m. pre-tax for the year. But the market's lack of faith in this particular business is illustrated in an 11 per cent. yield at 58p.

Anderson Strathclyde

THE re-organisation and management development programmes at Anderson Strathclyde are going ahead well and the order book for the present year is satisfactory, states the chairman Mr. D. Misselbrook.

Managerial and technical capacities increase and are available to seize the opportunities which lie ahead provided that all efforts "do not continue to be so seriously inhibited" by circumstances beyond Board control, he tells members.

As reported on June 20, taxable profits rose from £2.44m. to £2.64m. in the year to March 31, 1975 and the dividend is lifted from 7.878p to 8.5p net. As known the directors intend to maintain the total dividend on the capital as increased by the recently announced £2.17m. rights issue.

On the basis of the customary method of adjusting prices for certain machines and major units of mining equipment and for certain spare parts, a conservative estimate suggests that at April 1 1975 home prices for these items would overall have been approximately 13 per cent. higher than permitted under the Price Code. The averaged effect of restraint on these same items for the whole of the year 1974/75 can further be estimated to have reduced the pre-tax profit by some £1.25m. the chairman declared.

These figures can only be estimates because negotiations about higher levels of prices could not take place; "but they are not exaggerated," he adds.

Meeting Glasgow on July 31 at noon.

ERF falls £0.2m.—pays less

PRE-TAX profit of manufacturers of heavy commercial vehicles, ERF (Holdings) dropped from £930,613 to £704,660 in the year to March 29, 1975, after a diminution from £429,000 to £377,000 at halfway.

Bearing in mind the company's cash requirements the directors say they felt it prudent to review their dividend policy. The total net dividend is reduced from 3.57958p to 2.562019p with a final payment of 0.9p net.

If the economic situation improves the dividend policy will be reconsidered later in the year.

Earnings per 25p share are stated at 6.51p (9.97p) and 6.12p (9.2p) fully diluted.

	1974-75 £	1973-74 £
External sales	21,785,724	17,287,908
Trading profit	828,770	1,030,289
Interest payable	124,110	99,676
Profit before tax	704,660	930,613
Tax	417,292	504,667
Profit after tax	287,368	425,946
Extra-ord. debits	350	*62,015
Attributable to Ord.	287,018	487,961
Dividends	110,761	132,888
Retained	176,257	355,073

* Credit.

Chairman Mr. P. Foden says that most production problems have been overcome and that the new "B" series is being very well received in the home market and is favourable compared to competition, especially from overseas.

He has every confidence that the company can remain viable and independent, and with its present product range, will be able to compete favourably in world markets.

It is only recently that trading results have felt the full impact of the current recession and production problems associated with the new "B" series vehicle coupled with their effect on vehicle and material stocks and, as a consequence, the first half of the current year is proving difficult, he adds.

● comment

The accelerating profits decline at ERF—second-half profits down by 35 per cent. after an interim fall of 12 per cent.—became serious in the last couple of months in the year and has carried through to the early part of 1975-76. Basically ERF was caught by lower demand at home, plus difficulties in Europe and Ghana, and by technical hold-ups on fire appliances which together pushed stocks up by £3m. to £8m. by the year-end—with a subsequent strain on liquidity as borrowings rose from £1.4m. to £2¼m. Cash flow is still under pressure, for despite efforts to off-load stocks as early as last November, this did not really gain momentum until May. Meanwhile, the production switch to the new B series caused considerable delays and production tailed right off from April to June and is only now showing signs of coming back to more acceptable levels. With regular sales flowing, ERF could be over the worst, although there is a lot of ground to be made up, but at least the group has avoided the pitfall of Fodens. The shares, which fell 3p to 30p yesterday now stand on a yield of 13.3 per cent. on a reduced dividend.

Berry Wiggins

Berry Wiggins has received a financing offer from a large U.S. bank for 80 per cent. of its $20m. contract for four rigs and other drilling equipment with Sonatrach, the Algerian State oil company, chairman Mr. Paul Bristol, said yesterday following the annual meeting.

He said financing arrangements were hoped to be completed within several weeks.

Chairman's statement Page 11

£0.5m. lift in Airfix profit

AN £0.54m. profit rise to a record £2.6m. is reported by Airfix Industries for the year ended March 31, 1975.

Commenting, chairman Mr. Ralph Ehrmann, says the company is moving through this very difficult economic period in good health and is poised to take advantage of every opportunity that may occur.

In the current year production, deliveries and earnings all exceed those for the equivalent period of last year by a "considerable margin."

Earnings per 20p share rose from 8.7p to 10.6p. The final dividend is 1.7582p for a 2.787p (2.6238p) net total.

The Government's tax stock relief provisions have benefited the cash flow.

	1974-5 £000	1973-4 £000
Turnover	21,455	17,756
Trading profit	4,266	3,378
Depreciation	1,207	1,095
Interest paid	375	221
Profit before tax	2,603	2,059
Taxation	*1,293	992
Net profit	1,310	1,067

* Tax equalisation re stock relief claims £1.49m. less equalisation write back re accelerated depreciation.

In the year a capital profit of £230,000 was made on the repurchase and cancellation of 7½ per cent. stock; it has been used to write down the value of quoted investments.

Within the next ten days the directors will make a further announcement regarding a major foreign acquisition.

● comment

As expected, profitability at Airfix has perked up smartly during the second six months, with trading margins a full two points better than those achieved in the first half; the result is an acceleration in profit growth from 10 per cent. to almost 40 per cent. between the two halves. The deterioration in the early part of the year arose out of stock shortages after the three-day week and the costs of disruption in three factory moves. The breakdown of contributions from the various divisions has apparently hardly changed, though exports have played a large role on the toys side. Not surprisingly, borrowings have risen over the course of the year—but by just how much will have to wait for the accounts. However, there is no suggestion that the group is stretched on this front in any way; on the contrary, an overseas acquisition for the toys side is to be funded by foreign borrowings. Meanwhile, the trading experience continues to please and the market responded favourably with a 5p jump in the "A" shares to 54p where the yield is 8 per cent.

Ashbourne to be investigated

Following a request from shareholders who make up a consortium which includes Crest International Securities and others, Mr. Peter Shore, Secretary of State for Trade, has agreed to the appointment of Inspectors to investigate ownership of Ashbourne Investments.

The appointment is made under Sections 164 (1) (a) and Sections 172 (3) of the 1948 Companies Act. The inspectors are Mr. Robin Auld, Q.C., and Mr. Hobart Moore, a chartered accountant.

The DoT said it had received a request for an investigation from the consortium which holds some 34 per cent. of the capital, and having considered the application, had decided to appoint the inspectors. It added that the company has undertaken to give every co-operation in order to ensure an early conclusion to the enquiry.

It added that while the Inspectors are not limited in the area of their inquiries the primary object is to establish the facts behind the dispute which stems from the attempted takeover of Ashbourne by the consortium including Crest in December 1973. At that time the consortium acquired 43 per cent. of the capital and were ordered to make a full bid by the City Panel. No bid has been forthcoming however and Ashbourne and the consortium have been in dispute about the circumstances surrounding the bid.

RESULTS AND ACCOUNTS IN BRIEF

BULMER AND LUMB (HOLDINGS) (worsted spinners)—Results for year to March 30, 1975 reported June 17, with observations. Fixed assets £3.68m. (same), net current assets £1.58m. (£1.13m.). On June 16 P. Williams held 17.9 per cent. of the share capital and W. B. Dean 13.2 per cent. Meeting, Bradford on July 31 at noon.

CONOCO—Publication of the annual report and accounts for 1974 has been delayed owing to the need to evaluate implications of oil taxation bill as finally enacted and because of delays in a review of accounting principles concerning inventory valuations. Expected that accounts will be issued by the end of this month.

ALLAN KENNEDY AND CO. (makers of open-mesh flooring and handrailing)—Results, year ended March 31, 1975, reported May 22. Fixed assets £73,583 (£73,248). Current assets £357,208 (£430,956) and liabilities £206,846 (£173,580). The current year started with a reasonably healthy order book and the chairman anticipates maintaining the present production level for the rest of the year. Meeting, Stockton-on-Tees, July 31, at 10.30 a.m.

KRAFT PRODUCTIONS (furniture makers)—Interim dividend 0.6125p net (0.07p and 1.21906p total) for six months to June 30, 1975. Group turnover £801,990 (£538,200); Profit £51,300 (£23,100) before Taxation £26,600 (£12,600); Dividend absorbs £8,125 (£6,700).

LONDON TIN CORPORATION—Results for year to March 31, 1975 already known. Total group investments £9.7m. (same) value £31.46m. (£29.96m.).

NINETEEN TWENTY-EIGHT INVESTMENT TRUST—Results year ended March 31, 1975 already reported. Investments at valuation £23.05m. (£24.13m.), short term deposits and cash £2.29m. (£2.24m.). Chairman is confident of at least maintaining dividend in current year. Meeting, 8, Waterloo Place, S.W. July 24 at 2.45 p.m.

NORTHERN IRISH AND SCOTTISH INVESTMENT TRUST—Gross revenue, franked £24,503 (£25,205) and unfranked £14,725 (£19,455) for six months to April 30, 1975. Management expenses take £6,100 (£5,880) and loan interest £10,454 (£22,664) leaving pre-tax revenue £22,676 (£16,393). Tax £9,166 (£7,801). Interim deferred (0.35p net).

ORION INSURANCE—Results for 1974 already known. Group investments £13.92m. (£19.42m.), and current assets £43.05m. (£33.14m.). Liabilities £24.95m. (£23.86m.) and funds and outstanding claims £24.64m. (£23.47m.). Orion now a full member of the Nationale-Nederlanden Group.

SHEFFIELD REFRESHMENT HOUSES—Dividend 6.68p (6.2475p) for year to March 31, 1975. Pre-tax profit £86,879 (£101,074). Tax takes £35,637 (£48,131) leaving £51,242 (£64,150 including extraordinary credit of £11,237).

TRIBUNE INVESTMENT TRUST—Interim 2.8p (same and 8.5p total) for six months to June 30, 1975. Net revenue before tax £387,633 (£427,572) including franked revenue of £107,388 (£131,578). Revenue after tax £172,948 (£174,442). Net asset value per share 75.0p (58.1p). It is now policy to deduct from net asset value per share premium on shortfall of foreign currency assets against foreign currency loans, which amounted to £87,209 (£80,996) at June 30, 1975.

TRUSTEES CORPORATION—Results year ended May 31, 1975 reported June 27 with asset values. Investments at valuation £46.48m. (£38.07m.). Meeting, Winchester House, E.C., July 29 at 12.45 p.m.

UNIFLEX HOLDINGS (furniture manufacturers)—Results for year to January 31, 1975, reported June 14. Group fixed assets £988,425 (£618,126). Net current assets £362,369 (£31,229). The group is in a sound financial position with improved liquidity. Policy of expansion and improvement within recently broadened base to be continued. All companies started year well with record output being achieved. Orders currently on hand for furniture products are sufficient to maintain factories at maximum output for some time ahead. Continued co-operation of work force with regard to flexibility combined with initiative and creativity from management should achieve the best possible results during what can only be described as uncertain trading conditions. Meeting Alexandra National Hotel, N., on July 24 at 11 a.m.

WEST NILE HOLDINGS (tea planters)—Results, year to November 30, 1974, reported May 31. Group net current assets £2.13m. (£2.31m.), fixed assets £2.17m. (£2.15m.), interests in associates £3.2m. (£2.76m.). Cossnock owns 21.44 per cent. of the Ordinary Capital and 16.72 per cent. of the Preference. Consolidated Tea 29.19 per cent. and 27.13 per cent. respectively and Teith Holdings 29.19 per cent. and 11.13 per cent. James Finlay owns 21.37 per cent. Preference.

Meeting, Glasgow, July 24 at 11.45 a.m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Airfix Inds.	1.76	—	1.67	2.79	2.62
Braithwaite	4.14	—	3.68	6.37	6.01
Cornercroft .....int.	0.78	—	0.8	—	2.68
Daily Mail Trust	5.99	Aug. 30	5.44	9.37	9.02
Debenture Cpn. .....int.	0.56	Aug. 29	0.56	—	2.3
Denbyware	2.98	Aug. 19	3.11	4.99	4.68
Diamond Stylus	0.39	—	0.35	0.73	0.72
G. H. Downing	5.15	Oct. 1	5.18	8.55	8.2
Dubilier .....int.	0.4	Aug. 22	0.35	—	0.72(a)
ERF (Holdings)	0.9p	—	1.93	2.56	3.58
General Funds Inv. ...int.	1.05	Sept. 15	1.05	—	3.55
Greene King and Sons	2.96	—	2.8	4.28	4.02
Imperial Group .....int.	1.75	Nov. 3	1.75	—	4.32
John J. Lees	1.18	Aug. 30	1.08	1.63	1.5
Leigh Mills	0.94	Nov. 3	0.88	0.94	0.88
Donald Macpherson ...int.	0.78	Sept. 1	0.8	—	2.01
Manson Finance	1.75	Oct. 1	1.5	3.25	3
Marling Industries	0.42	Oct. 2	0.55	0.86	0.8
Mitchell Somers	*0.6	Sept. 15	0.54	0.95	0.89
Samuel Props.	Nil	—	0.84	—	1
Spirella .....int.	1.24	Oct. 1	1.16	—	2.73
Tribune Investments int.	2.8	Aug. 29	2.8	—	8.5
Watson and Philip ...int.	0.63	—	0.59	—	1.34
Wearwell	0.5	Oct. 3	2.63	4.25	3.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For 18 months.

Denbyware £222,000 upturn

The forecast second half improvement over the first six months at Denbyware has been achieved, leaving the pre-tax profit for the full year to March 29, 1975 up from £0.98m. to a record £1.21m.

The second six months total of £702,106, against £536,440, compares with the first half's increase from £447,000 to £503,000.

Stated earnings are up from 12.7p to 14.7p per 25p share and the dividend total is raised from 4.68421575p to 4.98679p net, with a final of 2.97679p.

	1974-75 £	1973-74 £
Turnover	6,133,685	4,360,484
Trading profit	1,199,023	920,177
Investment income	7,048	36,731
Grants	3,035	3,632
Associates recoveries from Rolls-Royce	—	22,684
Profit before tax	1,205,106	983,660
Tax	573,693	438,531
Profit after tax	631,413	544,969
Dividends	214,387	171,313
Retained	417,026	373,396

● comment

Any company to-day, which spends nearly all its cash flow on capital account, endures a wages push that takes the payroll costs to over 30 per cent. of sales, and doubles its borrowings should, according to the current form book, be running on the rocks. But Denbyware produced a second-half profits gain of nearly a third, and margins were practically unchanged at 21.6 per cent. This shows just how buoyant demand was, while debt, at less than a third of shareholders' funds, emphasises how well-breeched the group is. A measure of Denbyware's confidence in the current order-book is that it intends investing "heavily" again in the current year; but a yield of 8 per cent. at 100p is discounting some of the growth already.

Musical side and interest hit MPI

A pre-tax loss of £176,551 is announced by MPI in 1974, compared with a profit of £172,496 the previous year. At halftime there was a loss before tax of £83,593, against £155,869 profit.

Stated loss per 5p share is 1.26p for the year, against earnings of 0.67p. There is again no dividend.

The directors state that profits of the funeral division have been maintained during the year and the overall losses are accounted for partly by the bad trading experience in the musical division and partly by high interest charges.

Since the year end the sale of a subsidiary, Henri Selmer and Company, has been completed for £300,000 and the repayment of inter-company loans to MPI of £425,000, making a total cash inflow of £725,000. Out of this the group bank borrowings have been paid off with consequent relief of interest charges.

In addition £97,000 nominal of 8 per cent. loan stock has been bought in at a cost of about £40,000, thereby increasing the reserves of the company by £57,000.

	1974 £	1973 £
Turnover	3,495,051	3,252,036
Pre-tax loss	176,551	†172,479
Tax	38,115	102,181
Loss after tax	163,436	†70,298
Loss on sale of subsid.	38,135	—
Goodwill written off	—	41,695

† Profit. ‡ Credit.

S & U Stores growth aim

Although the 1974-75 results of S and U Stores have been poor, and the current year may not show any very significant improvement, "there is a mood abroad in the group which augurs well."

There are clear short- and medium-term plans to restablish the group's former growth cycle.

These observations were made by the late chairman, Mr. Clifford Coombs, in his annual statement prepared before his death on July 3.

As reported June 25 group pre-tax profits fell from £413,573 to £250,595 in the year ended January 31, 1975. An analysis of the profit shows: retail £97,096 (£374,681) and manufacturing £153,499 (£38,892).

The problem for the group is the loss-making mail order division and this is being dealt with as a matter of top priority. Results from other parts of the group have reflected progress. Swallow Raincoats is expected to do particularly well, with an expanding export trade and with profits likely to accelerate.

Meeting Birmingham, July 29, at 3 p.m.

Braithwaite expands to £0.45m.

TURNOVER for the year to March 31, 1975 of Braithwaite and Co. Engineers expanded from £4.98m. to £6.56m., and taxable profits increased from £326,595 to £452,531.

At halfway, reporting a rise from £94,845 to £99,768, the directors thought that full year profits would be about the same as for 1973-74.

Full year earnings are shown to be up from 11p to 15.4p per £1 share, and the dividend is lifted from 6.01p to 6.37p net with a final of 4.14p.

	1974-75 £	1973-74 £
Group turnover	6,562,069	4,978,008
Profit before tax	452,531	326,595
Taxation	238,590	170,000
Extra-ord. debit*	71,880	—
Attributable	142,131	156,595
Dividends	93,910	89,002

* Provision for special payment to Pension Fund. Settlement will be made over ten years.

£0.25m. drop at G. H. Downing

TAXABLE profit of G. H. Downing and Co. fell from £1,251,733 to £1,000,578 for the 12 months to March 31, 1975, after £405,000, against £605,000 at halfway.

Stated earnings per 50p share are down from 20.3p to 15.9p and the dividend is raised from 8.1991p to 8.54642p net, with a final of 5.15442p.

	1974-75 £	1973-74 £
Depreciation	365,374	367,790
Pre-tax profit	1,000,578	1,251,733
Taxation	525,512	652,901
Net profit	475,066	598,832
Extraordinary items	—	3,723

Manson Finance tops £0.5m.

An increase of more than £100,000 to £287,000 in the second half leaves pre-tax profit of Manson Finance Trust ahead from £455,000 to £502,000 in the year to April 30, 1975, after making provisions against interest for which credit has been taken and which may not be received and against the capital value of debts.

These provisions amount to £137,338, compared with £100,004 in 1973-4. A general provision of £50,000 has been carried forward and will be reviewed in October in the light of the requirement for provisions, which is improving at the present time, state the directors.

They add that no material benefit has been seen from the recommencement of lending during the second half. These will begin to accrue "during the current year." In view of increased levels of trading and the reducing requirement for provisions, they regard the future with confidence.

Stated earnings are up from 3.8p to 4.1p per 20p share and the dividend total is up from 3p to 3.25p net, with a final of 1.75p.

	1974-75 £000	1973-74 £000
Group revenue*	1,454	1,298
Profit before tax	502	455
Taxation	256	266
Net profit	246	189

* After provisions £137,338 (£100,004).

Crusader Growth Fund

The annual report of Crusader Growth Property Fund for the year ended May 5, 1975, shows that the fund stood at £1.70m. at the end of the year compared with £2.25m. at the beginning. This drop arose from the cancellation of units by death or surrender totalling £332,000 and a decrease of £243,000 in the valuation of properties. The manager reports that sales operations whereby new investment money is attracted have been held in abeyance because of the uncertainties of the market.

Income to the fund for the year amounted to £91,000 against £119,000 previously, although the running yield from rents remained steady at 7.29 per cent. A distribution of 5.51 units was made for each 100 units held at the end of the year, compared with an allocation of 5.47 units per 100 for the previous year. The manager also reports that because of uncertainties, the property portfolio was kept intact, no purchases or sales having been made.

PEERAGE

Peerage of Birmingham has acquired the capital of the wood-turning company of Bennett and Littley. Consideration was £1,500 satisfied by an issue of 8,108 Peerage Ordinary shares.

ISSUE NEWS

Wheatsheaf £3m. rights at 110p

Wheatsheaf Distribution and Trading is raising £3m. by way of a rights issue to Ordinary and "A" holders on the basis of one-for-four held at 110p per share.

The Board is raising the new money because it wants to be ready to take advantages of opportunities as they arise both in the U.K. and overseas. The group will also continue to modernise and replace existing outlets, and plans are in hand to replace the Southampton wholesale warehouse and the Cheltenham Cash and Carry with new units. Also the Board considers it appropriate to broaden the equity base.

Turnover for the first 12 weeks of the current year is over 30 per cent above the comparable period, and although it is too early to make a forecast subject to unforeseen circumstances the dividend for the year to February 28, 1976 will be 5.05p (7.7682p gross).

The circular states that at June 20, Wheatsheaf and its subsidiaries had outstanding secured bank overdrafts of £1.34m.

The issue has been underwritten by J. Henry Schroder Wagg and Company and brokers are Rowe and Pitman, Hurst Brown.

LAMONT HOLDINGS

In Lamont Holdings circular relating to the placing of 2m shares at 25p, the group indicates that Ulster Finance which owns 57.7 per cent. of the equity would not have taken up its entitlement should Lamont have raised funds by a rights issue instead of a placing.

It is anticipated that the new shares will be subscribed for by around 29 placees, none of which will be interested in more than 10 per cent. of the enlarged capital.

Net proceeds of the issue, estimated at £487,500, will be used in funding the group's recent acquisition of the Oceanic Group of Unit Trusts, and Planned Savings Life Assurance, and financing £120,000 modernisation programme for the foundry of James H. Lamont. Also, the proceeds will be used in subscribing £36,000 in respect of Lamont's entitlement of a rights issue being made by Securex Pty.

The balance of the proceeds will be used to reduce short term indebtedness and allow the group to take advantage of any opportunities for expansion.

Downturn at Macpherson

DESPITE A RISE in turnover from £11.45m. to £15.05m., taxable profits of paint manufacturers, Donald Macpherson Group fell from £0.74m. to £0.44m. in the half-year to April 27, 1975, after interest up from £48,000 to £140,000.

The interim dividend is 0.78p (0.804p) net or 1.2p (same) gross. Last year's total was 2.01p paid from profits of £1.72m. before tax.

The chairman, Mr. R. Chester, says that the trend of performance improved appreciably in the second quarter after a poor start to the year, and this has been maintained in the third quarter.

It is anticipated that the normal pattern of trading wherein the larger part of profits is made in the second six months will again hold good but it is probable that full year results will not equal those of last year.

	Half year 1974-75 £000	1973-74 £000	Year 1973-74 £000
Sales	15,045	11,451	25,107
Trading profit	708	916	2,121
Depreciation	129	125	260
Interest	140	48	142
Profit before tax	439	743	1,718
Tax	250	415	949
Net profit	189	328	769
Minority interest	—	7	8
Attributable	189	321	761
Dividends	100	76	195
Retained	89	245	566
Extraord cap. item	—	6	—
Making	89	251	593

Following the rights issue in April, work has started on the expansion of the decorative coatings plant at Bury, and agreement in principle has been reached with BICC to form a new company to be called Macpherson Powders to manufacture powder coatings at Barking.

The new company, which will be 75 per cent. owned by Donald Macpherson and 25 per cent. by BICC, will have an initial capital of £300,000 and is acquiring BICC's existing powder coatings business in polythene and epoxy powders, for a consideration of some £250,000 in cash. The joint venture in the developing field of powder coatings will further strengthen the group's position in industrial coatings in the U.K., and the business with its high export content will add new opportunities for development overseas.

● comment

The 41 per cent. fall in the pre-tax profits of Donald Macpherson is in line with the recent results from Blundell. Industrial paint sales, which account for about half of turnover, saw volume slip by 7 per cent. against an industry average figure of 10 per cent., and decorative paints increased in volume against an industry fall of 2 per cent. Margin pressures seem to be easing, after an improving trend in the second quarter, but it is too early to put a figure on the full year. Sales to professional painters are often the last to suffer in a recession as maintenance work gains momentum when plants are not in full production, while sales of decorative paints through Woolworths could accelerate as the public spend more holidays at home. Whether these trends will hold second-half profits is questionable, but Macpherson sounds fairly confident, although the figures were enough to take the shares 2½p lower to 29p yesterday, where they yield 10.6 per cent.

Advance at Greene King

GROUP TURNOVER of brewers, Greene King and Sons increased from £15.55m. to £20.24m. in the 53 weeks to May 3, 1975, and taxable profits advanced from £1.84m. to £2m.

At half way, reporting a rise from £0.88m. to £0.94m., the directors said that full year profits would be at least maintained.

Full year earnings are shown to be up from 11.7p to 13.7p (or 13.4p on a 52-week basis). The dividend is lifted from 4.0228p to 4.2763p net with a final of 2.9573p.

	53 wks. 1974-75 £	Year 1973-74 £
Group turnover	20,238,438	15,550,611
Trading balance	2,391,337	2,153,221
Divs. & int. receivable	106,471	163,628
Depreciation	386,803	301,486
Directors' remun.	77,535	86,657
Auditors' remun.	8,429	8,359
Interest paid	199,434	139,345
Profit before tax	2,002,819	1,838,894
Tax	829,012	832,673
Net profit	1,173,807	1,006,021
Extraordinary Credits	225,566	632,313
Making	1,399,373	1,639,336
Dividends	366,062	344,738
Retentions	1,033,313	1,293,798

'Imps' first half growth

TOTAL EXTERNAL sales for the half year to April 30, 1975, of Imperial Group expanded from £0.86bn. to £1.09bn., and taxable earnings advanced from £45.1m. to £52.5m.

The chairman, Mr. J. D. Pile, says first half was as satisfactory as could be expected in existing economic climate. The recovery in earnings, although still far short of what would have been achieved in more normal times, was as good as the Board could look for in context of price control and inflation.

It is only possible to make a tentative estimate of the full year's results in the light of results to date and the conflicting trends that are becoming *apparent, he continues.*

But despite the many uncertainties and distortions caused by price controls—especially their discouragement of cost-effectiveness—and the duty increases, the present forecast is that the group will exceed last year's earnings —£73.5m. pre-tax—but not to an extent which would keep pace with inflation.

"We remain confident in the underlying strengths of our *divisions*—not for the first time we are being helped by the broad base of these operations," adds Mr. Pile.

Earnings are shown to be up from 3.2p to 3.8p per 25p share and, having regard to the likely results for the year and for *prospects of the group generally*, interim dividend is held at 1.75p net. Last year's final was 2.568p.

The improvement in the tobacco division stemmed from a slight gain in the *market share of* cigarettes and cigars, a larger volume of sales, and price adjustments—which reflected cost increases incurred many months beforehand but not recoverable sooner because of the price code.

The outlook is clouded by the rise in tobacco duty in the budget members are told. There was an immediate fall in the overall cigarette consumption of around 15 per cent. but it is too soon to predict either the timing or the extent of a return to more normal trading other than to say that the first signs of a recovery seem apparent. Meanwhile the group expects some market benefit from *a movement towards lower priced* filter brands.

The paper, board, packaging and plastics division is experiencing increasingly depressed market conditions and the Board sees no sign of general recovery at present.

The distributive trade division is showing a satisfactory earnings growth and the food division has more reason for optimism despite its fishing interests, producing lower first half earnings. If the current improvement continues, second half earnings will show a significant uplift over the same period last year.

The brewery division improve*ment should continue.* The wine and spirit trade was further hit by the Budget but indications are that the buoyancy of the Courage brewing interest, which has resulted in a bigger market share, will more than compensate for this.

Firm action continues to be taken to ensure "a speedy return to a position in which the group will have a positive cash flow."

	Half year 1974-75 £m.	1973-74 £m.
Total external sales	1,091.3	858.4
Tobacco	638.4	513.5
Paper, etc.	84.4	52.6
Distribution	59.0	49.8
Food	217.0	185.5
Brewery	135.2	109.6
Less inter-group and assocs.	43.7	37.6
Trading profit*	67.2	54.8
Tobacco	45.6	33.1
Paper, etc.	4.2	4.3
Distribution	1.6	1.3
Food	4.6	6.2
Brewery	11.2	9.9
Interest charges	27.3	19.4
Investment income	8.6	9.7
Earnings before tax	52.5	45.1
Tax†	12.3	9.1
Deferred tax	13.5	13.4
Minorities	0.1	0.1
Extra-ord. items to reserves‡	56.3	0.9
Attributable	26.6	22.5
Interim dividend	12.4	12.4

* After depreciation £18.7m. (£18m.). † Includes £2.8m. (£2.4m.) on franked investment income. ‡ Comprises net profit on sales of investments at cost 1975, mainly part disposal of British American Tobacco Co. stock £58.5m. (£0.5m. loss), profits on sales of properties £1.2m. (£1.1m.), trade marks acquired cost £3.5m. (£1.5m.), gain on purchase of debentures at discount £0.3m. (£.1m.), other items £0.1m. (£0.1m. loss). Total credit (£56.3m. (£0.9m. debit).

Ocean Wilsons outlook

MR. R. D. POORE, chairman of Ocean Wilsons (Holdings), says in his annual statement that the directors anticipate that profits earned by the group's traditional activities of shipping and towage should continue to increase in line with the anticipated expan*sion of Brazilian trade.* Results reported for the first four months of the current year confirm this view.

However, in order that the companies within the group *should* not be so reliant on such a limited number of activities, consideration is being given to various trading projects in order to diversify the activities and to share in the anticipated future growth of the economy, he adds.

As known, profit before tax for the year to January 31, 1975, showed little change at £1,610,212 (£1,613,391). The dividend is raised from 1.94628p to 2.12598p net.

The profit figures were affected adversely by a fall in the value of the cruzeiro-sterling exchange rate from 14.30 to 17.90 at the year-end and by a reduction in exceptional and out-of-port activi*ties of tugs together with higher* maintenance costs, explains Mr. Poore.

The growth and modernisation of the tug fleet represents very *satisfactory progress* and should be a valuable investment in the future, he declares.

Income from the investment portfolio in the U.K. increased by approximately 21 per cent. The market value of the quoted portfolio declined during the year but since then has shown a partial recovery and at May 31 stood at £2.36m.

Net assets at the balance-sheet date, based on book values and *adjusting for the surplus on the* quoted investment portfolio, was equal to 82.41p per 20p share, representing assets of 45.49p per share in Brazil and 36.92p in the U.K.

Meeting, Winchester House, E.C., on August 5 at noon.

Chairman's statement, Page 20

HOVERINGHAM WELL AHEAD

At yesterday's annual meeting of Hoveringham Group, Mr. Christopher Needler, the deputy chairman, said that "in the first five months of the year trading conditions had been better than anticipated. Profits were up on forecast and would also show a marked improvement on those for the comparable period of 1974, which included the three-day week."

But he could not feel able to predict with any degree of accuracy the outcome for the full year.

Daily Mail Trust up to £1.33m.

Profit of Daily Mail and General Trust advanced from £1,191,250 to £1,330,526 after taxes up from £289,614 to £446,852 for the year ended March 31, 1975. Net revenue at halfway was ahead from £277,000 to £338,000.

Earnings per 50p share are shown to be up from 11.5p to 12.9p and the final dividend is 5.99p net, which lifts the total from 9.017p to 9.565p, the maximum allowed.

Total valuation of investments dropped from £33.9m. to £32.6m.

Samuel Props. midway loss

AN AVAILABLE loss of £291,695 was incurred by Samuel Properties in the six months to December 31, 1974, compared with profits of £711,491 in the corresponding period and £690,183 in the last full year.

There is no interim dividend against 0.8375p net. Last year's total was 1.005p.

Trading profit for the half year declined from £2.35m. to £1.31m., interest jumped from £1.24m. to £1.79m. and a transfer from realised capital profits of an amount equal to interest and ground rents on properties in the course of development totalled £186,391 (£191,565).

	Six months 1974 £	1973 £
Gross income	2,544,429	3,829,084
Trading profit	1,309,997	2,345,484
Interest payable	1,785,959	1,237,008
Loss before tax	475,962	*1,108,476
Taxation	—	586,400
Loss after tax	475,962	*522,076
Transfer from realised capital profits†	186,391	191,565
Minority	2,124	2,150
Available loss	291,695	*711,491

*Profit. †Of an amount equal to interest and ground rents on properties in the course of development.

The directors state that the company is continuing its policy of reducing short term borrowings by the sale of trading and low yielding investment properties.

Statement, Page 31

Optimism at May & Hassell

May and Hassell, the timber and shipping group, is one of the very few which are certain to survive the worsening unemployment, capital investment and world recessionary trends, states the chairman, Mr. J. H. B. Atley, in his annual statement.

There is no reason why he should not be disclosing a larger profit in his next annual report, *he adds.*

Undoubtedly, though, in all sections trading will become even more difficult. In his opinion prices have not by any means bottomed yet. Indeed he is doubtful if the £2m. Stock write-off was fully adequate, although the first three months show trading at a profit.

With stocks decreasing and liquidity good, the company is "well placed to take advantage of any further fall in producers' prices and the chaotic internal market."

As reported on June 24 turnover was £32.74m. (£33.3m.) and pre-tax profit for the year to March 31, 1975, declined from £5.43m. to £1.71m. Dividends are raised from an adjusted 2.106p to 2.288p net.

Excluding milling and joinery, timber activities in the U.K. accounted for 87 per cent. of turnover and contributed £934,000 pre-tax profit. Shipping in the U.K. accounted for 5 per cent. of turnover and £554,000 of pre-tax profit.

Meeting, Bristol on August 1 at noon.

Chairman's statement, Page 16

J. N. NICHOLS

Mr. Peter Nichols, chairman of J. N. Nichols (Vimto), mineral water manufacturers, told the annual meeting that the first three month's trading in the current year had been satisfactory.

Both home trade and export sales had shown a substantial increase on the corresponding three months last year, he added.

Prospects at Permali

If Permali can contain costs to a reasonable extent, the outcome to the present year will be "very satisfactory," according to Mr. *A. A. Heath, chairman, in his an*nual review.

He warns though that there is little doubt that during the year many curtailments of activity can take place over which the company *has absolutely no control.*

He cannot look into the future very far without being an "alarmist" but the company has extremely satisfactory outstanding order books in most operations at *home and overseas.*

He reveals that the total of fixed capital and reserves is about equal to the overall investment in fixed assets, including overseas investment, and "this is an equilibrium which we seek to maintain." To continue within these limits of prudence the company will have to curtail investment within the U.K. during 1975-76, although this policy is to the detriment of a considerable number of highly desirable objec*tives. Overseas subsidiary com*panies are broadly in a position to finance growth from their own natural and national resources, so that it is not anticipated that the burden on U.K. funds will be significant, Mr. Heath adds.

Referring to Transmission Developments, the chairman says that it is doubtful if the company can actually be brought to profit in 1975/6 but if certain large inquiries develop into firm orders, *it may have to face sub*stantial supporting capital investment.

As reported on June 25, pre-tax profit for the year to March 31, 1975 increased by 25 per cent. from £0.67m. to £0.84m. Dividend total is up from 0.7423p to 0.80625p net.

Statement, Page 30

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or —	Div. or Amount	Times covered	Gross Yield	P/E Ratio
♣	F.P.	—	172	158	Akroyd & Smithers	158	—2	u50	1.7	12.0	7.7
48	F.P.	11/7	56	48	Olive Discount (20p)	54	......	15	—	9.5	—
♣	F.P.	—	£22¼	£17½	Gen.Can. Inc. $US1	£17⅝	+¼	$1.6	—	4.5	—
55	F.P.	—	55	55	Lawrence (Walter)	55	......	b18	2.7	12.6	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or —
‡£100	F.P.	11/6	140	114	Allied Irish 10% Conv. Uns 1986	116	—1
$100	F.P.	—	101	£99½	Barclays Bank Int. 9½% Capital Notes 1982	101	......
£100	£10	—	10⅜	10¼	Barnet Corp 13½% 1980	10¼	......
£100	£10	—	10⅝	10½	Do. Do. 13% '84/5	10½	......
£100	F.P.	—	100	100	CSR 9½% Notes 1980	100	......
**£99	£10	—	10	10	Camb. Water 9% Red. Pref. 1980	10	......
£97½	£10	—	10	9⅝	City of Westminster 13% Red. St. 1981	9⅞	......
£99	F.P.	11/7	102	101	Colne Valley Water 9% Red. Prf. 1980	101½	+½
‡£99	£10	29/8	11¼	10¾	East Surrey Water 9% Red. Pref. 1980	10¾	......
£100	F.P.	—	106½	102¼	Ennia Finance (U.K.) 9% Cnv Gtd Uns Ln. 85-90	106½	......
£99	F.P.	31/7	112	100½	Folkestone Dist. Water 9% Red Prf. 1980	100½	......
‡£100	F.P.	6/6	132	115	Gestetner 10% Com. Uns. '90/95	123	—1
£99	F.P.	30/5	102¼	97	Lincoln Corp. 13% 1980	98xd	......
‡£100	Nil	—	7½	2⅛	Mitchell Cotts 13% Conv. Uns '90/5	7¼pm	......
$100	F.P.	—	$103	$100½	Norsk Hydro 9¾% Bds. 1985	$103	......
£100	F.P.	21/5	123	106	N. Atlantic Secs. 7½% Cnv. 85-96	113	......
£99	F.P.	31/7	112¼	100½	N. Surrey Water 9% Red Prf. 1980	100½	......
‡£100	Nil	16/7	5	¼	Prop. Hldgs. & Inv. 9% Conv. '90/5	½pm	......
£99	£10	29/8	10⅝	10¼	Sunderland 26½ Water 9% Red. Pref. 1980	10¼pm	—¼
11	F.P.	—	83	77½	Turner Curzon 18% Conv. Uns. '78-80	83	......
£1	F.P.	24/6	110p	98½	Waterford Glass 10% Conv. Cum. Red. Pref.	101½	+1

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	Stock	Closing Price p***	+ or —
110	Nil	—	—	Anderson Strathclyde	5pm	—1
45	F.P.	20/6	8/8	Associated Engineering	51½	—1
25	F.P.	7/7	21/8	Barrow Hepburn	38	+1
85p	F.P.	2/7	1/8	Bell (A.)	106	+1
46	F.P.	7/7	10/9	Boc Intl.	46	—1½
£100	Nil	—	—	Borel (Jacques)	168pm	......
115	Nil	21/7	1/9	Bowater	23pm	—4
50p	Nil	—	—	Brit. Steam Specialties	5pm	—5
40	F.P.	3/7	8/8	Carless Capel	62	—1
30	Nil	21/7	29/8	Century Oils	8pm	—½
A$1.50	F.P.	2/7	7/8	Commercial Bank of Australia	220	......
72	Nil	—	—	Dunbee-Combex-Marx	30½pm	......
45	F.P.	26/6	25/7	Dupont	42½	......
26	F.P.	13/6	11/7	Elliott Grp. (of Peterboro)	34	......
65	F.P.	4/7	21/8	Ever Ready	79	......
38	F.P.	11/7	1/8	GEI Int	39	—1
200	F.P.	4/7	7/8	Glaxo	347	—11
17	F.P.	4/7	17/7	Gordon Johnson-Stevens	18½	......
52	F.P.	16/6	11/7	Hawkins & Tipson	67	......
25	Nil	21/7	—	Hazlewoods (Proprietary)	½pm	......
10p	Nil	—	—	Headlam Sims & Coggins	5pm	......
25p	F.P.	24/6	18/7	Hestair	53	......
20	Nil	22/7	6/8	Kwahu	3pm	......
28	Nil	21/7	20/8	Leboff (Fobel)	5pm	—1
103	Nil	—	—	Legal & General	20pm	......
60	Nil	18/7	—	London United Invs.	10pm	......
40	F.P.	13/6	11/7	Macarthys Pharm.	49	—1
25p	Nil	23/7	20/8	MacFarlane Group	44pm	—2
100	F.P.	11/6	11/7	Marshalls Universal	105	......
10p	F.P.	2/7	8/8	NSS Newsagents	46	......
60	F.P.	9/7	8/8	Nurdin Peacock	73	......
105p	Nil	21/7	29/8	Pegler Hattersley	8pm	—2
180	F.P.	11/7	1/8	Phoenix Assurance	206	+7
A$1.55	Nil	—	—	Poseidon	70pm	......
5p	F.P.	11/7	5/8	Premier Cons. Oilfields	9	—1
105	F.P.	19/6	17/7	Prudential Ass.	125	—4
67	Nil	24/7	19/8	Redland	10½pm	—1½
47	F.P.	4/6	16/7	Richard & Wallington	60	......
20	F.P.	4/7	8/8	Root Harvesters	28	......
10	Nil	—	—	Senior Engineering	3pm	......
27½	F.P.	10/7	21/8	Serck	30½	......
80p	Nil	—	—	Siebe Gorman	28pm	—1
500p	F.P.	—	—	Siebens Oil & Gas UK	625	+25
95p	Nil	—	—	Smiths Industries	9pm	—2
65	Nil	17/7	7/8	U.K. Optical	14	+1
50p	Nil	21/7	15/8	Unicorn	2pm	—½
75	F.P.	20/6	18/7	United Biscuits	99	—5

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ¶ 290 S.Afr. cents. ‡ Rights by way of capitalisation. ¶¶ Tender allotment price. ♣ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants. Pm Premium.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Siemens talks on KWU, Daimler-Benz Stakes

BY JONATHAN CARR

VIENNA, July 10.

IT APPEARS increasingly unlikely that Siemens will take over the whole of Kraftwerk Union (KWU), the power station concern it holds on a 50-50 basis with the troubled AEG-Telefunken. But Siemens may yet obtain a substantial majority stake in the enterprise, whose prospects are being viewed with mounting confidence.

This is one of the points to emerge from a press gathering in Vienna, during which the West German electrical concern also released latest figures on its performance this year and elaborated on its stand regarding the threatened European computer venture, Unidata. The outlook for the 1974-75 year as a whole (to September 30) is of a slightly lower turnover than first foreseen, a lower profits-sales ratio than last year but very probably no reduction in the well-nigh traditional dividend of DM8 per DM50 share.

The KWU affair has been one of the company's major unresolved items of business since last November, when the Siemens supervisory board agreed to a plan to take over the power station concern completely. AEG—which had difficulty quite apart from its KWU involvement—said at the time it had decided to shed its stake not because of past losses but rather in view of the future financial burden. Talks between Siemens and AEG went ahead but little concrete emerged. And meanwhile it appeared that another, unidentified contender had entered the field, showing interest in a participation.

Now Siemens executive chairman, Dr. Bernhard Plettner, has revealed that AEG and Siemens agreed on a buying price—but that the latter felt it could not take over financial risks involved in reactor business into which AEG had already entered.

As for the other possible contender for the AEG share, there was no indication whether a European or a U.S. enterprise was involved. However, Dr. Plettner stressed that whatever solution emerged Siemens would insist on a true industrial partner in KWU, not one which was merely a provider of finance. He further noted that the AEG-Siemens talks had not been wholly broken off and it is plain that a solution could yet emerge involving those two companies alone, perhaps on a 25 per cent.—75 per cent. basis. This would avoid several major pitfalls. In particular it would satisfy that seemingly increasingly powerful group within AEG which feels the company should, after all, retain at least a foothold in KWU, a source of important technological development which should also be out of the red before long.

While the KWU affair appears to be heading for decision at a fairly early date, a curious air of unreality pervades the whole question of computer co-operation in general and particular the future of Unidata—involving Siemens, Philips of the Netherlands and CII of France.

The French Government announced in May that it planned to merge CII with Honeywell Bull, the French-based subsidiary of U.S. Honeywell. Siemens has taken note of the French Government's intentions—but it remains very unclear about how or when this merger may come about. Meanwhile it says Unidata is progressing very satisfactorily on the basis of the original agreement between the three partners.

Since the May announcement, Siemens has had several offers of co-operation from other (unspecified) computer concerns but is clearly determined at present to keep every option open. For example, it is not excluding that even when the CII-Honeywell Bull merger goes through, co-operation may still be able to continue with the two remaining Unidata representatives in some form—though in the long run there would be considerable difficulties.

Two points only seem certain. Siemens will not pull out of the computer business, holding it in any case to be essential for the development of its own work in other fields. And it will not agree to a co-operative venture if this is to mean simply that its own network serves as an outlet for the products of another concern alongside its own. As in the KWU case, Siemens is placing major emphasis on the importance of a partner who provides a technological as well as a financial stimulus.

As for Siemens' position overall, the figures for the first eight months of the business year (to May 31) show the company weathering the widespread economic recession without serious upset.

Incoming orders are up by 7 per cent. against the same period of the previous year to DM14.3bn. Foreign orders alone were up 8 per cent.—although this compares with a growth rate of 30 per cent. last year. Total sales rose by 9 per cent. to DM11.4bn., based on a growth of only 1 per cent. at home and 18 per cent. abroad. The outlook now is for total turnover for 1974-75 of between DM18bn. and DM18.5bn. against a cautious forecast early this year of DM18.9bn. The latest net profit figure available is DM231m. for the first half of the business year, implying a return on sales of 2.7 per cent. The outlook is for little if any increase in the profit-sales margin in the second half—against a figure of 2.9 per cent. for 1973-74 as a whole.

Reuter adds: Siemens also said that it is negotiating with Deutsche Bank on the possibility of taking over part of the stake in Daimler-Benz which Deutsche bought to prevent the control of Daimler passing into non-German hands.

Siemens finance chief Heribard Naerger said that the participation might be in the form of a share exchange — but this would be a relatively small deal with a maximum value of DM100m. In January Deutsche said it paid around DM2bn. for the 29 per cent. stake of Daimler which it bought from the Flick group's original 39 per cent. holding.

A decision on the Siemens talks should be reached before the end of the year, Herr Naerger said.

CGE/KWU negotiations

BY RUPERT CORNWELL

PARIS, July 10.

NEGOTIATIONS FOR a co-operation agreement between France's Cie Generale d'Electricite (CGE) and Kraftwerk Union of West Germany in the field of nuclear power have now reached an advanced stage. It became clear in Paris to-day.

Details are hard to come by, but it appears that the deal will be submitted to the respective Governments for approval before the end of this month. It is likely to involve not only BWR reactors, for which CGE is the French licensee of the U.S. General Electric, but PWR stations also.

KWU is the joint nuclear subsidiary of Siemens and AEG, although the latter's recent heavy losses—a colossal DM684m. (£130m.) in 1974—have prompted it to seek to sell its interest.

However, it is thought unlikely here that CGE is preparing to take a financial stake in KWU, to replace AEG. The co-operation will be thus technical and industrial, and even that will probably depend on the French Government permitting CGE a larger share in its ambitious nuclear power station programme, as President M Ambroise Roux is constantly demanding.

Any such deal, quite apart from its obvious European importance, would serve to illustrate the curious relationship between Siemens and CGE. Only two months ago the latter succeeded in engineering a merger between CII and the U.S. controlled Honeywell Bull, thus weakening CII's links with the three-nation Unidata computer grouping, to which it and Siemens belong.

Rollei recovery strategy

By Nicholas Colchester

BONN, July 10.

AWARE THAT he has a "long and hard" way to go, Peter Peperzak, the new chief executive of Rollei, the troubled West German camera company, to-day told the Press of his strategy to return Rollei to profitability. With the help of a new product programme he hoped to get back into the black in three or four years' time after a loss of DM83m. in 1974 and another of some DM40m. in 1975.

Rollei is now working flat out to develop a product range that will correct the mistakes of the past. By about two years' time Rollei hopes to have developed a rounded range of cameras sold under the Rollei and Voigtlaender names. Rollei products will be priced at the lower end of the top quality market, while Voigtlaender will be priced at the upper end of the cheap camera range. This squares with the announcement from the company in January that it was pulling out of the bottom end of the camera market.

Sales companies

The company is also strengthening its marketing arm. It is founding new joint-venture sales companies in Japan, Singapore, and Hong-Kong, and it is re-organising its U.S. sales operation. Rollei is cutting costs at home by reducing the number of head-office staff that concern themselves with the Rollei operation in Singapore.

Rollei currently employs 1,637 people in West Germany at Brunswick and at the tool-making plant in Uelzen. At the end of last year it had been envisaged that Uelzen would have to be shut down or otherwise disposed of, and the workforce cut to 1,000. Now Rollei says that it is going to try to hold on to all 1,600. In Singapore 4,785 people are employed at the moment and Rollei says that the mood in the works there has improved now that the bulk of Rollei's workforce cuts are over with. Use of capacity in Singapore is now running at about 60 per cent., and in West Germany at 70 per cent. The extent to which this situation can be improved depends on the successful reshaping of the product line. Rollei feels that further workforce reductions will probably be needed but that these will not entail any mass redundancy.

Hutchison postpones rights issue due to difficulties in Indonesia

FINANCIAL TIMES REPORTER

HUTCHISON INTERNATIONAL has announced that it is postponing the publication of its rights offer document following difficulties experienced by its Indonesian subsidiary.

This subsidiary group is a major supplier of logging equipment to the Indonesian timber industry and is currently experiencing trading difficulties which have been brought about by the recent economic recession and the consequent downturn in the timber market, Hutchison said. Discussions are presently taking place with the major creditors and suppliers regarding the revision of agency terms and the renegotiation of the current liabilities of this subsidiary group.

Hutchison directors, who have taken legal advice on the matter, therefore consider that it would be premature to issue a rights offer document since they are particularly anxious that all relevant facts concerning the company, to which shareholders are entitled, should be made available. They are of the opinion that publication of the document at this stage could be both misleading and prejudicial to the negotiations now in progress.

In April, Hutchison announced that they proposed to raise approximately $HK178m. by way of a rights issue on the basis of three new Ordinary shares for every five Ordinary shares held and 15 new Ordinary shares for every one Redeemable Cumulative Preference share held, payable at par.

At the date of the original rights issue announcement, the directors say they were aware of the situation concerning the subsidiary which was likely to be of material importance and which it was intended would be fully disclosed in the document issued with the rights offer. In the course of preparation of the rights circular, however, it became apparent to the Board that this situation would not be resolved within the proposed timetable and that it would not be possible to adhere to the schedule outlined in the original announcement.

A further announcement regarding the final date for despatch of the rights document will be made as soon as possible. In the meantime, the directors say they are satisfied that sufficient working capital will be available to the company.

The report and accounts for the year ended March 31, 1975 have been substantially completed and the directors confirm their original estimates of losses of $HK130m. However, the situation described above does have a bearing on the notes for inclusion in the accounts and their publication will therefore be delayed, the company said.

Haw Par statement likely

HAW PAR BROTHERS International is likely to make a statement to-day in Singapore about the Singapore Government's announcement that it is ordering an investigation into the company's affairs, a Haw Par spokesman said yesterday. Reuter

Ontario Hydro spending plans

BY JAMES SCOTT

TORONTO, July 10.

FORECASTING an increase in peak power demands to 19,000 Megawatts in 1980 from 13,000 MW this year, Ontario Hydro has revealed plans to spend $Can.14.1bn. to expand its system during the next six years.

The prediction is based on the assumption that the current economic recession will give way to a period of sustained prosperity, because there is no evidence that industry plans to cancel or postpone major projects, according to M. Larratt Higgins, economist in charge of preparing Ontario Hydro's forecast of future needs.

He expects a bunching of new industrial power demands in 1977 on the basis of planned expansion of the steel and allied industries at Hamilton and Naticoke: the petrochemical industry in the Sarnia area: the base metal industries in the Timmins and Sudbury areas: and the base metal and pulp and paper industries in North-Western Ontario.

The forecast was prepared to substantiate Ontario Hydro's request for an increase of about 30 per cent. in the rates it will charge the 353 municipal systems selling power to residential customers with effect from next January 1.

The rate increase is the largest ever requested in the 69 years which Ontario Hydro has existed. Ontario Hydro Chairman Robert Taylor, while noting that any increase in the price of electricity is regrettable in inflationary times, says now is no time to try to dodge the facts. His case, put simply, is that the increase is needed to allow for acute increases in costs because of inflation and provide for reasonable capital expansion and part recovery of the deficit expected this year. Higher prices for fossil fuels, notably for the coal used to generate 45 per cent. of the systems power load, are cited as the largest contributor to higher costs. The cost of coal is expected to increase by 57 per cent. this year and an additional 21 per cent. in 1976, he says.

However, Ontario Treasurer D'Arcy McKeough this week brought down supplementary measures to his spring budget which were intended to offset the effect on the province of Ontario of the federal budget of a couple of weeks ago. McKeough's budget called for a sharp pruning in government expenditures and suggested that Ontario Hydro should trim $Can.1bn. from its proposed capital expenditure programme with the hope that it could reduce the size of the rate increase it is requesting.

Ruhrgas growth in 1974

BY NICHOLAS COLCHESTER

BONN, July 10.

DESPITE a turndown in West Germany's energy consumption in 1974, Ruhrgas, the country's largest supplier of natural gas, achieved a 28 per cent. increase in total gas deliveries and a 36.5 per cent. increase in turnover to DM1.942bn. 1975 should yield another substantial increase in turnover because the volume of gas delivered is expected to rise again and the company will have raised its price for natural gas by some 70 per cent. in the course of the year.

Ruhrgas's balance sheet for 1974 reflects the fast rising importance of natural gas in West Germany's overall energy supply. Whereas total energy consumption dropped three per cent. last year to 366m. tons coal-equivalent, natural gas consumption rose 21 per cent. to 46m. tons coal-equivalent. The German gas industry delivered 94bn. cubic metres of gas last year of which 87 per cent. was natural gas. Of this total Ruhrgas sold 52bn. cubic metres and the proportion of natural gas in this figure corresponds to the national average.

In the last 18 months the company has signed a number of important contracts aimed at pinning down supplies of imported natural gas for the future. Following a 5bn. cbm/year deal in 1973, Ruhrgas contracted to buy a further 6bn. cbm/year from the Norwegian sector of the North Sea. Half of this new gas will come to Germany, raising the quantity coming from the Norwegian sector to 5bn. cbm/year by the end of this decade.

In April, Ruhrgas signed a 13bn. cbm/year deal with Iran. This gas should be delivered via Russia in the early 1980's. Last October the company signed a third contract with the Soviet Union from 2.5bn. cbm/year starting in 1978. This will bring Ruhrgas's total Russian buying up to 10bn. cbm/year from 1980 onwards. One negotiation that is getting nowhere at the moment is that with Algeria: according to the Ruhrgas Board the Algerians are pushing for a price that is too high.

Although Ruhrgas announced an unchanged profit after tax of DM62.7m., this disguised a 50 per cent. increase in depreciation to DM139m compared with investment which was up by 4 per cent. to DM228m. The company paid an unchanged dividend of DM8 per DM50 share.

Enka denies Fabelta sale

AMSTERDAM, July 10.

AKZO'S CHEMICAL fibre division Enka Glanzstoff said it is not negotiating the sale of its Belgian subsidiary Fabelta to Bayer. In an interview with Enka's staff journal "De Spindop," Enka's deputy president J. Van den Driest also denied the company plans a definite close down of Fabelta's Zwijnaarde based rayon and nylon producing plant.

He was commenting on rumours, especially in Belgium, that Enka plans to dispose of its Fabelta plant, employing 2,500 workers.

Laid-off workers at Fabelta's Ghent synthetic fibre plant have charged the Dutch company with planning to liquidate its Belgian plants. Representatives of the plant's engineers recalled that 1,400 people had already been laid off since Akzo took over Fabelta six years ago and closed one plant. They now blame their Dutch employers for deliberately "choking" some Fabelta productions in Belgium to avoid competition with its products at other European plants.

They also charge Akzo with cutting investments. They have warned their Dutch employer against any project to sell their Belgian plant to other companies without consulting personnel.

As from July 4 the Zwijnaarde plant, employing 1,000 workers, has prolonged its holiday closure. However, in August rayon fibre production will restart, Mr. Van den Driest said. Nylon production will begin as soon as stocks decline to a level of five weeks' sales and when orders enable the company to use at least half its production capacity, he said.

He said the McKinsey advisory office's analysis of the Enka products situation on the European market is now finalised, but in view of trade union officials' holidays, results will not be published before the end of July.

Mr. Van den Driest said in the article, solutions for the Enka group, operating at a Fls.1m. loss per day, could be found in a package varying from close down of plants, cut backs in production, sales of units and mergers. The definite form of measures will depend on talks with trade unions and the Central Works Council, he added.

Asked if workers will be dismissed, Mr. Van den Driest could give no concrete answer as this will depend on the solutions decided on. "A guarantee that this will not happen we cannot give," he said. Reuter/AP-DJ

Citicorp $99m. loan write-offs

● Citicorp reports first-half earnings per share of $1.47 ($1.25); operating net income was $181.5m. ($153.7m); earnings per share after securities were $1.45 ($1.24) from a net of $183.4m. ($153.7m.).

Second quarter figures were: 77 cents (65 cents); $95.2m. ($80.5m.); 76 cents (65 cents); and $94.8m. (not given) respectively.

Citicorp, whose flagship bank is First National City Bank, said that its net loan write-offs in the first half of the year totalled $98.95m., of which $54.62m. were in the second quarter, compared with $44.3m. and $22.5m. respectively in 1974.

Citicorp said it added a further $5m. to the $8m. reserve already established to cover losses on property loans associated with its 40 per cent. holding in Grindlays Bank Limited of Britain.

Kaiser Aluminum and Chemical Corp. Second quarter earnings per share fell to $1.22 ($1.43). Net income was $24.14m. ($28.05m.) from sales of $434.6m. ($460.2m.). First six months earnings were $3.14 ($2.25) per share; net income $61.6m. ($44.6m.); and sales $837.9m. ($851.0m.).

The 1974 figures have been adjusted for LIFO inventory computation.

Allied Chemical Corporation said it expects a gradual improvement in operating rates and results in the second half, despite the 23 per cent. drop in second quarter profits it reported earlier.

In its statement, Allied Chemical said profits in the second quarter fell to $36.6m. while sales rose 5 per cent. to $591.4m. Much of the sales increase reflected higher prices.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	91½	92½
Austraswiss 8pc 1987	90	91
BFCE 9pc 1989	98	99
Borregaard 8½pc 1989	95	96
Carrier 8pc 1987	90½	91½
Conoco 8pc 1986	96½	97½
Consol. Foods 7½pc 1991	87	88
Cutler Hammer 8pc 1987	92	93
EIB 9½pc 1985	101½	102½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	89	90
General Motors 8½pc 1986	102½	103½
GTE 8½pc 1986	97	98
ICI 7½pc 1992	77	79
Nat Grindlays 7½pc 1987	74½	77½
Pacific Light 8pc 1986	90½	91½
Prov. of Quebec 7½pc 1988	88½	89½
Quebec Hydro 8½pc 1990	96½	97½
Queensland 8½pc 1987	88	89
Scanraff 8½pc 1988	95½	96½
Shell 8pc 1986	97½	98½
Stand. Oil (Ind.) 8½pc 1988	99½	100½
Tenneco 7½pc 1987	88	89
Transocean 8pc 1986	98	99
TRW 8½pc 1986	96	97
Utah 8pc 1987	93	83
NOTES		
Volvo 9½pc 1989	99½	100½

	Bid	Offer
Air France 9½pc 1982	101½	102½
Aust. Ind Dev Co 10½pc '81	103	104
Barclays 7½pc 1978	96	98
Cie Nat. Du Rhone 10pc '82	102½	103½
Du Pont 7½pc 1978	102	103
Esso 7½pc 1978	100½	101½
Gen. Motors 8½pc 1976	101	102
Marubeni 9½pc 1982	101	102
Nippon Fudosan 10½pc 1981	102½	103½
Skandvsk. Enskld. 10½pc '81	103	104
Tenneco 7½pc 1979	98½	99½
Tokyo Curacao 10½pc 1981	102½	103½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	89	91
Ashland 5pc 1988	80	2
Beatrice Foods 4½pc 1992	95	7
Beatrice Foods 4¾pc 1992	101	3
Borden 5pc 1992	93	5
Broadway Hale 4pc 1987	73	5
Canon Camera 7½pc 1989	92	4
Carnation 4pc 1987	92	4
Chevron 5pc 1988	101	3
Dart 4¾pc 1987	89	91
Eastman Kodak 4½pc 1988	116	18
Economic Labs. 4½pc 1987	83	7
Eidal 7¾pc 1989	98	100
Ford 6pc 1988	86	8

	Bid	Offer
Ford 5pc 1988	73	7
Fuji 6½pc 1985	110	bid
Gen. Electric 4¼pc 1987	86	88
Gillette 4¾pc 1987	79	81
Gould 5pc 1987	86	8
Halliburton 4¼pc 1987	136	8
Harris 5pc 1992	66	8
Hitachi 6½pc 1984	100	5
Honeywell 6pc 1986	79	81
ITT 4½pc 1987	69	71
Komatsu 6½pc 1984	210	13
J. Ray McDermott 4¾pc '87	159	61
Mitsui 5½pc 1989	119	bid
J. P. Morgan 4½pc 1987	100	2
Motorola 4½pc 1983	127	bid
Owens Illinois 4½pc 1987	87	9
J C Penney 4½pc 1987	87	9
Pioneer 6½pc 1989	139	41
Rand Selection 6½pc 1986	99	102
Rank 4½pc 1993	41	3
Revlon 4½pc 1987	99	101
Sperry Rand 4¼pc 1987	97	9
Squibb 4¼pc 1987	87	9
Toshiba 6½pc 1985	120	bid
Union Carbide 4¾pc 1982	107	9
Warner Lambert 4½pc 1987	85	7
Warner Lambert 4½pc 1988	80	2
Xerox 5pc 1988	77	9
Source: Kidder, Peabody Securities.		

Pan Am turns optimistic

By Jay Palmer

NEW YORK, July 10.

PAN AMERICAN World Airways, America's financially troubled international airline, may now be through the worst of its profit slump. Senior executives of the carrier, pointing to extensive cutbacks in most operating costs, are now busy spreading the gospel of the company's imminent recovery from losses.

This new theme, dramatically contrasting with the cries of woe that marked Pan Am's worse than expected first-half 1975 performance, coincidentally coincides with the current visit by senior company executives to Teheran in an attempt to overcome the final problems surrounding the Iranian Government's proposed cash injection.

Despite Pan Am's hopes for the future, this Iranian deal remains crucial to the survival of the airline in its present form. Without Iran's help—the deal calls for a complex financial restructuring of the airline leading to cash aid of over $300m.—it must remain debatable whether the carrier can avoid some, perhaps limited, form of bankruptcy. Hints that the Iranians have been getting cold feet have been, and continue to be, rejected by the airline.

Pan Am's hopes for a profit recovery from its present losses are based, almost entirely, on a recent sharp reduction in its breakeven load factor, the all-important percentage of total available seat-miles purchased by paying passengers. Against its late 1974 breakeven load factor of around 58 per cent., and its estimated early 1975 factor of 53 per cent., Pan Am now puts its current figure at under 50 per cent.

Load factor

Based on the airline's revised forecast of an actual 1975 load factor of around 46 per cent., this latest break-even estimate would still produce a sizeable loss on operations. However, the current optimism stems from projections that the sharp rate in traffic decline may now have finally ended (the June decline was less than that seen earlier this year) and that a mere 1 per cent gain in load factor would boost earnings (or cut losses) by at least $28m. before tax.

Just to put this into perspective, Pan Am suffered a net loss of $50.3m. over the first five months of the current year, compared with a net deficit of around $33m. in the same period of 1974. Its pre-tax loss, however, narrowed to $56.2m. from $70.3m., thanks to a heavy first quarter use of tax credits.

The major factors in Pan Am's more bullish outlook follow a sizeable reduction in earlier pessimistic forecasts of aviation fuel costs. In recent months jet fuel prices have stopped rising and are now expected (internationally) to average 37.8 cents a gallon for the year. This figure, taking in the promised OPEC price rise this autumn, compares with earlier estimates of over 41 cents a gallon and up to 45 cents in total cost terms to Pan Am. This new estimate adds up to a potential fuel cost saving of over $60m. for the year.

At the same time Pan Am has continued to cut its labour costs. Average employment for the year is now expected to be no more than 30,000.

Aer Lingus losses mounting

By Giles Merritt

DUBLIN, July 10.

AER LINGUS, Ireland's national airline, has revealed that operating losses are currently running into "several million pounds" and that the Aer Lingus key transatlantic operation is now at 1966 levels, with business still falling.

According to the airline's deputy chief executive, Mr. Michael O'Riain, transatlantic traffic of passengers and cargo dropped 13 per cent. during April and May of this year and he has predicted that the figures for June will bring the three-month short fall to 25 per cent.

Aer Lingus has attributed the sharp decline in transatlantic business to increased fuel prices in conjunction with the general economic recession, but has warned its staff that redundancies can only be avoided if employees accept redeployment measures and more flexible working arrangements. Mr. O'Riain commented: "we shall have to trim our sales accordingly."

He has pointed out, though, that while transatlantic passenger business and cargo traffic in general are now responsible for serious losses, cross-channel and continental businesses both continue to do well. Aer Lingus has since warned of a substantial fares increase to be announced in the near future.

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BIDS AND DEALS

Lonrho offer to rest of Lags

LONRHO, following its purchase in January from Jessel Securities of a 29.5 per cent. stake in London Australian and General Exploration for £2.7m.—or 25p a share—is now bidding £6.4m. for the remaining 25.58m. Lags shares, just over 70 per cent.

The £6.4m. represents the value of the 25p a share cash alternative, although there is also a share exchange bid—one Lonrho share for every three Lags shares—which is worth about 41½p. Lags shares rose 7p to 38p, while Lonrho eased 8p to 125p.

Since Lonrho bought its initial stake from Jessel—whose share quotation has been suspended since October—there have been major Boardroom changes at Lags, with five Lonrho people, including Mr. Tiny Rowland, the chief executive, and Mr. Alan Ball, deputy chairman, becoming directors. In addition, Mr. Edward du Cann, former chairman of merchant bankers, Keyser Ullmann, has replaced Mr. Oliver Jessel as chairman of Lags.

Shares to be issued under the offer will not rank for Lonrho's interim dividend in respect of the year ending September 30, 1975. Conditions of the offer include listing of the new Lonrho shares on the Johannesburg Stock Exchange and no reference of the deal by the Office of Fair Trading to the Monopolies Commission.

If the offer becomes unconditional, proposals will be put to holders of Lags 10 per cent. convertible unsecured loan stock 1985-90 for an exchange into Lonrho shares.

Lags is being advised by Slater Walker, Keyser Ullmann, advising Lonrho, will send out offer documents in due course.

● comment

There is no way yet of assessing the value of Lonrho's offer for LAGS, since the latter's last balance sheet (which was heavily qualified) is now a year out of date. One thing that Lonrho is certainly interested in is the prospects for the farm Erfdeel, in which LAGS has an indirect interest, and where drilling by Anglo American is said to have reached an "intermediate" stage and produced very encouraging results so far. There is also a *possibility* that part of LAGS interests could be domiciled in South Africa. All we know for the moment, though, is that the bid is broadly in line with the last published net worth—and with the price which LAGS hit during its speculative flurry a month or two ago.

ESTATES & GENL.

In a lengthy letter to shareholders in Estates and General Investments, the new chairman, Mr. J. K. Laurence, refutes criticisms expressed by what he describes as the "self-styled 'Association of E and G Stockholders'" over the proposed E and G merger with County and Suburban Holdings and suggests that a recent letter to shareholders from the association contains no constructive proposals, is repetitive and misleading.

Mr. Laurence—a senior partner in accountants, Hay Allan—says he has considered "with care the *financial information* and recommendations on which the merger terms were based and found only one matter in respect of which I considered adjustment was required."

This related to a provision in respect of contingent liabilities under warranties given on the sale by E and G of Unitholders Provident Assurance.

Mr. Laurence says he is satisfied the adjusted merger terms "are fair and reasonable and has no doubt that the merger presents the best opportunity for the future success of your company."

Fraser to purchase Chiesmans

House of Fraser, in a further move to expand its department stores business, has agreed terms to buy the Chiesman Group from Argyle Securities.

Announcing the agreement yesterday, Argyle said that the deal would release some £3.25m. to the group and was in line with its policy of concentrating on property investment.

Chiesmans is a Lewisham based group which was taken over by Alliance Property Company; Alliance subsequently became a subsidiary of Argyle, which has always made it clear that it did not plan to retain the stores interests on a long-term basis.

Yesterday's statement said that it was the aim of both companies to ensure that the deal was achieved with the minimum of disruption to trading and that the House of Fraser had given assurances that the continued employment of Chiesman staff would not be affected adversely as a result of the sale.

WILKINSON MATCH NEW AGREEMENT

Wilkinson Match said yesterday that after the latest discussions with Swedish Match it has been decided that it is not in the interest of either party to proceed with the acquisition by Wilkinson of a controlling interest in the Genoud-Feudor Lighter Division of Swedish Match, on the terms envisaged a year ago.

Agreement has now been reached for Wilkinson to acquire marketing technological know-how and manufacturing rights for Genoud-Feudor lighters in the Western Hemisphere and, in addition, marketing rights for Genoud-Feudor lighters in the U.K., Ireland, Southern Africa, Australia and New Zealand.

The new agreement has been approved by both Boards and is for ten years. It provides for lump sum payments of £250,000 with additional annual payments, mainly royalties, related to future sales.

Under the terms Wilkinson will be able to benefit from the growth potential in the disposable lighter business in the parts of the world where its principal activities are situated.

GAS AND OIL ACREAGE

Gas and Oil Acreage has agreed with Oil Finance SA of Geneva to terminate the royalty agreement of March 29, 1973. This gave Oil Finance an overriding royalty of 1 per cent. of any gross income Gas and Oil Acreage might eventually receive from its original investments.

In consideration for the termination Oil Finance has been granted an option exerciseable for five years from July 5, 1975, *to subscribe for* 200,000 Ordinary shares of 20p each, fully paid, in Gas and Oil Acreage at £1 a share.

Marling profit slips

A drop in pre-tax profit of £30,000 to £730,000 is announced by Marling Industries for the year ended March 31, 1975, after being ahead by £35,000 to £390,000 in the first half.

Stated earnings for the year are down *from* 4.941p to 4.338p and a final dividend of 0.4199p net raises the total from 0.798p to 0.8399p, the maximum allowed. Holders of 2.18m. shares have waived their right to the dividend.

The company makes industrial textiles.

	1974-75 £000	1973-74 £000
Turnover	8,391	7,497
Pre-tax profit	730	760
U.K. tax	298	176
Overseas	52	138
Net profit	380	446
Exceptional credit	7	‡31
Pre-acquisition loss	—	19
Distributable	387	397

‡ Debit.

contribution, with the exception of the resistor division, which has been the most severely affected by the downturn in the colour television industry. *It has been* re-structured in line with the current demand.

Order books did decline in all divisions during the period but *there are signs that the position* is improving.

The interim dividend is 0.4p net against 0.35p. In the 18 months ended September 30, 1974, the company paid 0.7185p from profits of £413,000.

Dubilier half way rise

Further progress was made by Dubilier in the six months to March 31, 1975, with profits expanding from £54,000 to £280,000. Sales increased from £2.49m. to £2.95m.

The main manufacturing subsidiaries all increased their

Debenture Corporation

For the six months to June 30, 1975, Debenture Corporation reports net revenue little changed at £382,768 compared with £395,043.

The interim dividend is 0.56p (same) net costing £168,000. *Last* years total dividend was 2.3p from net revenue of £783,278.

Net asset value per 25p share at June 30 after deducting prior charges at redemption values and subject to contingent liability *in* respect of capital gains tax and surrender of investment currency premium where applicable, was 87.6p xd (65.5p xd).

MINING NEWS

Zambian mines losing white workers

BY KENNETH MARSTON

A STEADY exodus of skilled expatriate workers from the Zambian copper mining industry could cause a major manpower shortage—in addition to the current problems of low copper prices—within the next 12 months, reports our Lusaka correspondent. He says that the rate of turnover of expatriates at Nchanga and Roan Consolidated is now 25 per cent. a year.

The industry, which employs about 56,200 Zambians and nearly 5,000 expatriates, is now thought to be short of at least 1,000 of the latter skilled workers. In the Zambian Parliament the member for Nchanga said that the problem had arisen because of the delay in announcing new conditions of service for expatriate employees following the Government's take-over of the management of the mines earlier this year.

Pay problem

While the men are undoubtedly concerned about the uncertainty hanging over their employment prospects, especially in view of the Zambian advancement programme, they are more unhappy about salary levels. These are reckoned to no longer compete with salaries being paid in other mining countries: the Zambian cost of living index for higher paid workers has risen by 46 per cent. over the past five years.

Thus with plenty of jobs available elsewhere for skilled men, only a handful of expatriates arrive for work in Zambia each year out of the hundreds interviewed. Hopefully the problem will be eased when the anticipated sharp recovery occurs in copper prices, but in the meantime it is difficult to see what can be done now that the mines are, at the best, barely breaking even and the Government continues to peg local Zambian wages.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims:—A. C. Cars, Nefo NV, Wearra Group, Whatlings.

Finals:—Hollas Group, Inch Kenneth Kajang Rubber, Trafford Carpets.

FUTURE DATES

Interims:—	
Foreign and Colonial Inv. Trust	July 16
London and Lomond Inv. Trust	July 17
Mears Bros.	July 16
Midland Bank	July 25
Stephen (John) of London	July 17
Thermal Syndicate	July 15
Finals:—	
Emu Wine	July 13
Kwikform	July 21
Smith (Stephen)	*July 15
Vinten Group	July 18

* Amended.

VULTAN'S U.S. GAS INTEREST

America's Unigas Oil Corporation has entered, with its partners into an advance purchase agreement with the Michigan-Wisconsin Pipeline Company for the sale of all gas produced at Texas-Oklahoma prospect in which Unigas has a one-sixteenth working interest.

Australia's Vultan Minerals and Ferrovanadium Corporation each hold 4.5m. shares in Unigas. One well at Beaver County in Oklahoma is already testing the natural gas potential of three zones while three others are being drilled at Beaver and Harper Counties and at Roberts County in Texas. Twelve wells are planned.

Vultan is thus hopeful that it will add natural gas production to its existing interest in oil production at the Luling-Branyon field in Texas. *Last year in the course of* a Board room battle it was proposed that Vultan should make a one-for-one free issue of shares in Unigas together with the offer of one extra share in the latter at 5p Vultan were 18p yesterday.

HAMPTON AREAS DOES WELL

After a loss on exchange of £25,082 compared with a profit of £20,321 last time, Hampton Areas reports a net profit for the year to March 31 of £297,089 compared with £132,097. Earnings per share equal 7.2p against 3.2p and the dividend is raised by the maximum permitted amount to 1.1824p from 1.10801p.

The bulk of revenue is still *drawn in royalties received from* nickel sales made by Western Mining's Kambalda mine in Western Australia. During the past year this income rose to $A921,456 (£551,770 at current exchange rates) from $A798,799.

At the same time, Hampton Areas increased its profit on sales of investments to £192,536 from £43,961.

As far as the current year is concerned any further increase in the producer nickel price would be reflected in Hampton Areas' royalty income, but it remains to be seen whether the high level of share realisation profits can be maintained. Meanwhile, the company has the speculative spice of its stake in North Sea oil exploration. The shares were 112p yesterday.

ROUND-UP

Australia's CSR has followed Conzinc Riotinto of Australia in submitting to the Australian Industries Assistance Commission inquiry that all capital *and exploration* expenditure be a reduction against *mining income* before tax is levied. CSR also wants infrastructure costs to be treated in this manner and has asked that exploration expenditure be deductible in the year of expenditure from a company's non-mining income.

* * *

It is reported that Panama intends to negotiate with America's Texasgulf regarding the operation of the huge Cerro Colardo copper deposit. The Panamanian Government intends to retain control of the venture and engage a mining company to operate it on a fee basis. The previously announced short list of companies comprised: Texasgulf, Canada's Noranda, Belgium's Union Miniere, and London's Selection Trust.

* * *

The big ore concentrating facility at the Twin Buttes copper mine of Anaconda and Amax, which lies to the south of Tucson in Arizona, is *to remain* closed for the rest of this year. Its proposed start-up has been postponed by the depressed copper market conditions and it is now announced that stripping operations *at the Twin Buttes mine* are to be reduced from a seven to a five day week. But it is still expected to commence cathode copper production as planned at the new electrowinning *plant later in the current* quarter.

MINING BRIEFS

KENT (FMS) TIN DREDGING—June Tin output 58 tonnes (May 56¼ tonnes).

Diamond Stylus downturn

A second half downturn after an advance from £65,498 to £70,991 at half-way resulted in a fall in pre-tax profit from £192,416 to £181,631 for the year to March 31, 1975 at the Diamond Stylus Co.

Turnover improved from £1.06m. to £1.21m. Earnings per 10p share are given at 2.92p (4.97p) and a final dividend of 0.3933p net lifts the total from 0.7193p to 0.7451p.

Tax takes £40,500 against £91,500 leaving the net balance down from £100,916 to £61,131.

Figures include an exceptional item of £59,462 comprising of a first-year loss on DSC Audio Products and a revaluation of its trade stocks.

Investments in Elgin Diamond Products Europe has been revalued from £19,000 to £40,000.

IBSTOCK SALE

Ibstock Building Products (a subsidiary of Ibstock Johnsen) has sold the capital of Barlevale a non-trading subsidiary, to Pilkington Brothers for £474,320 cash.

Net assets of Barlevale at July 9, 1975, amounted to £431,919. Proceeds of the sale will be used as working capital of Ibstock Building.

Better second half at Leigh Mills

After a drop from £137,099 to £77,400 at halfway pre-tax profit of worsted spinners and manufacturers, Leigh Mills Company, shows a £41,500 decline at £192,543 for all the year to April 30, 1975. Turnover improved from £2.5m. to £2.9m.

Earnings per 25p share are given at 3.38p (5.6p) and the dividend is raised from 0.879375p to 0.9384375p net.

Tax takes £48,046 (£8,791) leaving a net balance of £144,497 against £225,252.

John Brown confident of short term liquidity

IN HIS ANNUAL statement the chairman of John Brown and Company, Lord Aberconway, says that, despite the losses of Constructors John Brown, the group can, by exercising strict economy, see its way through the immediate *future from a liquid point of* view.

The great majority of CJB's contracts have been going either well or reasonably well. The contracts normally do not carry high risk competently executed, but the amount of prospective profit is limited, and because CJB is not yet fully loaded, it will not return to profit in the current year.

Beyond that, its prospects remain good. Its top management has been altered and strengthened and revised guidelines have been set. Its business in future will be based more on contracts involving engineering only, or on those of short tenor, or on those where the costs, especially of hardware, are reimbursable: "but above all, it will seek to concentrate on contracts with a good cash flow."

As reported on June 28 taxable profit fell from £4.19m. to £0.54m. in the year to March 31, 1975, after a loss by CJB of £4.9m.—announced on June 2. There is no final dividend leaving the 2.66p net interim to compare with a total of 8.502p for 1973/74.

Apart from CJB the year was "a successful struggle in a difficult and frustrating environment," declares the chairman.

The group sells almost entirely capital goods, the market for which, has been growing progressively duller. Fortunately most of the subsidiaries entered the year with good order books, and for many those order books are still substantial. Materials were until recently in short supply and late, while the shortage of labour, now more available, added to delay and *expense in fulfilling orders. All subsidiaries* have conserved their cash, by exercising severe restraint on capital expenditure, including in many cases forgoing the exploitation of new or growing products.

Much of the profits of the machine tool devision came from the Wickman subsidiaries in Australia and South Africa. Both achieved good *increases* in volume of turnover, though prospects for 1975 are less good following the weakening of demand.

Referring to Bone Cravens, a *leading* British supplier of machinery to the plastics, paper and rubber industries; Lord Aberconway states that in the longer term plastics must remain a growth industry, but it is one where demand for equipment can fall to a low level. However, demand for extrusion machinery and for paper coating and laminating plant remains steady, *and prospects are encouraging.*

Markham and Co. has a well-filled and wide-ranging order book for the current year, and East Lancashire coachbuilders—which had another satisfactory year—has a record order book.

Although the record order book at John Brown Engineering (Clydebank) is encouraging in the short term, inflation is affecting competitiveness overseas, especially as J. B. E. has to quote fixed prices for deliveries a year or more ahead.

Meeting 4, The Sanctuary S.W. on August 1, at 12.30 p.m.

Chairman's statement, Page 21

See Lex

Tridant aims for expansion

THE DIRECTORS of Tridant Group Printers are still seeking to expand further the group's growth and profitability, and chairman Mr. R. Dipre is confident the group will be in a good position to take full advantage of future opportunities as they arise.

As reported June 28, pre-tax profit in the year to March 31, 1975, was slightly more than maintained at £775,397 (£756,872) and the net dividend is lifted from 2.53p to 2.76p per 25p share.

Mr. Dipre says there was a "creditable" level of activity in the printing companies in a difficult year in which costs continued to rise and margins came under pressure as demand declined. Similarly, the group's newspapers achieved a satisfactory volume of advertising revenue in the face of a falling away in demand, particularly in employment advertising.

The chairman reports that plans for the Kingston property have now been submitted to the local authority and the outcome is awaited. Despite the market downturn, the property remains a "very valuable" asset, he adds.

At June 26 Chirit Investment held 19.75 per cent. and Starwest Investment Holdings 29.06 per cent. of the Ordinary capital. Mr. Dipre is a director of Starwest, and Mr. A. M. Carey, deputy chairman of Tridant, is a director of Chirit.

Meeting, Walkden House, Melton Street, N.W., on August 4 at 12.15 p.m.

Jacksons Bourne End warning

As foreshadowed, second-half pre-tax results of Jacksons and Bourne End, makers of millboard etc., have not matched the £95,000 (up £22,600) of the first, and the profit for the full year to March 29, 1975, has declined from £170,000 to £162,000.

And members are told that pending a renewal of demand, the group is expected to operate at a lower level of profitability. There is at present no significant improvement, the directors say.

Earnings per 25p share are *shown at 7p compared with 7.8p.* The final dividend is 1.84p, lifting the net total from 2.683125p to 2.89p.

Sales for the year totalled £3.3m. against £3.0m. Profit after tax was £74,000 (£83,000).

Bibby & Baron position

Mr. R. F. Dent, chairman of Bibby and Baron (Holdings), tells members that after a period of 18 months during which business generally enjoyed a seller's market, the company entered a more difficult era, but it is continuing its policy of modernising plant, improving efficiency and of maintaining sufficient flexibility to deal with the constantly changing *circumstances.*

He adds that the company's raw materials are an international commodity and in a volatile market and "this year's famine can be next year's feast."

Although the company cannot insulate itself from overall business conditions and at present is suffering from a low level of demand for many of its products, he remains confident of the medium and long term future.

Meeting, Bury on August 4 at noon.

Spirella 23% first half upturn

Despite turnover down from £14m. to £13.1m., taxable profit of Spirella Group increased by 23 per cent. to £1.1m for the six months to May 31, 1975. For the full year 1973-74 pre-tax profit was a record £2.03m.

If details for Stibbe-Hadden, which was closed in the second half of last year, are excluded, turnover and pre-tax profit increased by 4 per cent. and 22 per cent. respectively.

The directors report that the six months have seen a continuation of the successful trend and all companies have done well. There has been no appreciable reduction in activity and the exercise carried out last year to improve efficiency is now yielding excellent results.

Stated earnings per 20p share are up from 70.5p to 77.7p and the interim dividend is raised from 1.157625p to 1.2733p net. The 1973-74 total was 2.728625p.

The lower interest charge, down from £269,000 to £165,000, reflects the improvement in liquidity and at May 31, 1975, net bank borrowing was nil. The only remaining loan capital consists of debentures and convertible unsecured loan stock which were themselves reduced by £95,000.

At November 30, 1974, it was thought prudent not to anticipate any tax relief for stock increases during 1974, say the directors. As a result of the April 1975 Budget proposals, this relief is now available and, apart from advance corporation tax related to dividends paid, the group will not pay any corporation tax until mid-1977 at the earliest. This will help improve liquidity further for the next two years, they add.

	Half 1974-75 £000	Year 1973-74 £000	Year 1973-74 £000
Turnover	13,100	14,000	29,400
Trading profit	1,264	1,160	2,60[illegible]
Finance Charges	165	269	[illegible]
Profit before tax	1,099	891	2,028
Tax	577	451	1,061
Profit After Tax	522	440	967
Extraord credits	[illegible]	22	39
Minorities Pref Div	19	19	[illegible]
Available	[illegible]	443	[illegible]
Int Div.	131	122	[illegible]
Final Div.	—	—	165
Retained	404	321	700

SHARE STAKES

British Industrial Holdings—Greenbank Securities has bought a further 41,250 Ordinary shares and now holds 1,648,023 (12.4378 per cent.).

Silentbloc Holdings—BTR has bought a further 80,000 Ordinary and is now interested in 2,439,000 shares.

Lion International—J. H. Vavasseur has bought 2,148,455 Ordinary making its holding 6,987,988 shares (75.3 per cent.).

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	June 18, 1975 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	18,393	−469
Scottish clearing banks	1,870	− 47
Northern Ireland banks	429	− 2
Accepting houses	1,356	+109
Other	5,775	+221
Overseas banks		
American banks	2,651	− 61
Japanese	206	+ 14
Other overseas banks	1,472	+ 13
Consortium banks	229	− 1
Total eligible liabilities*	32,381	−223
Reserve assets		
U.K. banks		
London clearing banks	2,511	− 47
Scottish clearing banks	265	− 1
Northern Ireland banks	67	− 1
Accepting houses	237	+ 67
Other	952	+222
Overseas banks		
American banks	369	+ 2
Japanese	29	+ 4
Other overseas banks	249	+ 8
Consortium banks	45	+ 8
Total reserve assets	4,733	+259
Ratios %		
U.K. banks		
London clearing banks	13.6	—
Scottish clearing banks	14.2	+ 0.3
Northern Ireland banks	15.7	− 0.2
Accepting houses	17.5	+ 3.8
Other	16.7	+ 3.4
Overseas banks		
American banks	13.9	+ 0.4
Japanese	14.0	+ 0.8
Other overseas banks	16.9	+ 0.4
Consortium banks	19.5	+ 3.5
Combined ratio	14.6	+ 0.9

	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	299	− 15
Treasury bills	1,074	+339
Tax reserve certificates	—	—
Money at call	2,235	− 76
British Government stocks with one year or less to final maturity	361	+ 5
Local authority bills	150	+ 7
Commercial bills	609	− 1
Other assets	5	—
Total reserve assets	4,733	+259

	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	408	+144
2—Finance houses		
Eligible liabilities	231	− 8
Reserve assets	24.2	− 0.3
Ratio (%)	10.5	+ 0.2

Special deposits at June 18 were £959m. (£950m.) for banks *and £7m. (unchanged) for finance houses.*

* Interest-bearing eligible liabilities were £22,213m. (£22,614m.).

London Clearing Banks' balances

at June 18, 1975

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing *banks. Tables 1 and 2 cover the business* of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England *as falling within the banking sector.* Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the *banking sectors subject to credit control.* Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

This month's tables appear in a new form following the major review carried out recently of the statistical information provided by banks to the Bank of England. The changes include the split *between sight and time sterling deposits* of the clearing banks, and the more logical categories of banks covered by the Bank of England statistics.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m.	Total outstanding £m.	Change on Month £m.	Change on Month £m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	2,729		+273	
Other U.K. residents	21,648		− 70	
Overseas residents	1,436		− 24	
Certificates of deposit	1,956		− 63	
		27,769		+116
of which: Sight		9,805		+ 13
Time (inc. CD's)		17,964		+103
Foreign currency deposits:				
U.K. banking system	2,220		+ 14	
Other U.K. residents	592		+ 38	
Overseas residents	6,317		+ 11	
Certificates of deposit	851		+ 27	
		9,890		+ 90
Total deposits		37,659		+206
Other liabilities(a)		5,651		−136
TOTAL LIABILITIES		43,310		+ 70
ASSETS				
Sterling				
Notes, coin and balances with Bank of England		1,043		− 26
Market Loans:				
Discount Market	1,335		+ 43	
U.K. banks	4,645		+243	
Certificates of deposit held	861		+111	
Local authorities	982		+ 25	
Other	359		+ 23	
		8,182		+445

	Total outstanding £m.	Total outstanding £m.	Change on Month £m.	Change on Month £m.
Bills:				
Treasury bills	761		+263	
Other bills	804		+ 14	
		1,565		+277
Special Deposits with Bank of England		644		+ 8
Investments:				
British Government stocks	1,490		+ 23	
Other	1,041		—	
		2,531		+ 23
Advances:				
U.K. private sector	13,496		−377	
U.K. public sector	150		− 87	
Overseas residents	1,705		− 3	
		15,351		−467
Other Sterling Assets(a)		3,752		−239
Foreign Currencies				
Market Loans:				
U.K. banks and Discount Market	2,424		+ 77	
Certificates of Deposit held	177		+ 2	
Other	3,299		− 88	
		5,900		− 9
Bills		26		− 5
Advances:				
U.K. private sector	1,250		+ 10	
U.K. public sector	765		+ 16	
Overseas residents	1,830		+ 49	
		3,845		+ 75
Other Foreign Currency Assets(a)		471		− 12
TOTAL ASSETS		43,310		+ 70
Acceptances		309		+ 3

(a) Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total Deposits	37,659	+206	9,584	+ 66	7,124	+256	7,483	− 56	12,030	− 31	1,438	− 29
ASSETS												
Cash and balances with Bank of England	1,043	− 26	335	− 13	186	− 1	219	− 15	274	− 2	29	+ 5
Market Loans:												
UK banks and Discount Market	8,404	+363	2,085	+153	1,886	+269	1,507	− 26	2,643	− 18	283	− 15
Other	5,678	+ 73	1,165	+ 46	1,225	− 71	937	+ 20	2,094	+ 91	257	− 13
Bills	1,591	+272	269	− 4	426	+136	459	+ 47	382	+ 38	55	+ 5
Special Deposits with Bank of England	644	+ 8	189	+ 4	96	—	129	+ 1	209	+ 3	21	—
British Government stocks	1,490	+ 23	426	− 8	323	—	229	+ 18	504	+ 13	8	—
Advances	19,196	−392	5,218	− 57	3,053	−111	3,964	−109	6,126	−109	835	− 6

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	18,285	−468	5,680	−125	2,784	−102	3,737	− 96	5,458	−134	626	− 11
Reserve assets	2,495	− 52	757	− 19	415	+ 10	496	− 37	737	− 9	90	+ 2
Reserve ratio (%)	13.6	—	13.3	− 0.1	14.9	+ 0.9	13.3	− 0.6	13.5	+ 0.2	14.4	+ 0.7

FINANCIAL TIMES SURVEY

Friday July 11 1975

VANS AND LIGHT TRUCKS

Sales of the lighter class of commercial vehicle have suffered in much the same way as those of private cars from higher fuel prices and the general trade recession, particularly affecting small businesses, a major customer sector. This has inevitably led to sharper competition, and to a further revision of model ranges.

Tough going for most makes

IT HAS been a tough year right across Europe and in the U.S. and Japan for manufacturers of light and medium trucks and vans. Sales of these general workhorse vehicles are closely linked to the state of the retail trade and to the fortunes of small businessmen, from plumbers and electricians to market gardeners and hoteliers. A sizeable proportion of the total business is with customers who own just a single vehicle, particularly in the developing countries where the ubiquitous pick-up is used as a family car as well as for business transport.

The higher cost of fuel and a general recession in all kinds of service businesses, particularly in Japan and Europe, has clouded the future of the light commercial market. Sales tend to move quite closely in step with those of private cars and they have suffered for exactly the same reasons. About the only area which has been really buoyant in the past couple of years has been the demand for Land Rovers, Range Rovers and their competitors the Jeep, Toyota Land Cruiser and Nissan Patrol. Healthy oil revenues in the OPEC States, with their tough terrain, have led to a booming demand for cross-country vehicles.

The farm business has also been good in some areas, with record prices for wheat and cereals giving the farmers enough spare cash to replace their vehicles. This has led to record sales of tractors as well as a good boost for all types of light farm vehicle—Land Rovers again and the Haflingers, Citroen Meharis and other vehicles used by farmers in some places.

Of course, there have been quite sharp movements within the general decline in the van and small truck business. Until recently, Spain was proving an exception to the general declining pattern in Europe; the Middle East as a whole has remained a strong market and some other countries have escaped the general pattern.

There has also been a marked swing in favour of diesel power, particularly in markets such as the U.S., where gasolene has been the rule for all but the heaviest long-distance trucks. The better fuel economy of the diesel has encouraged a steady switching to this power source even in fairly small vans and trucks, where the cost differential may be heavy.

The new Ford Escort van.

Slowed down

The Japanese, who have become by far the largest producers of light commercials, overtaking and out-distancing the U.S. in this sector, as well as each of the individual countries of Europe, have suffered the most marked decline. The huge exports of Datsun and Toyota pick-ups to North America, where they are used as much as second or third family vehicles as for business operations, have slowed down. The demand for motor homes, which the Japanese with their easily driveable light vehicles were helping to satisfy, has declined.

Equally, in a number of developing countries, from Vietnam and Laos to Portugal and Greece, political upheavals have either destroyed or substantially cut the export business for Japanese vehicles. In others, without oil resources, the blow given to the economy by higher import prices of crude oil or refined petroleum has naturally led to a decline in demand.

At the same time, the Japanese, facing a decline in domestic demand for light commercials—and some switching back to the tiny 360cc trucks which are not exported much to the developed world—have redoubled their efforts to break into the European market, especially Britain.

Until comparatively recently, Japanese motor companies' sales efforts in Europe were confined to cars. But Toyota achieved some success when it introduced its light trucks and Mazda and other makes have since followed. Inevitably this has made the competition more keen in Europe.

The start of the recession in demand coincided with a period in which most of Europe's main light commercial vehicle manufacturers were introducing new ranges of vehicles. Given the three or four year lag in design and development, the manufacturing decisions made in 1970 and 1971 were coming to fruition in 1974 and 1975, by which times circumstances had radically changed.

Activity has been most marked in the medium van sector, the big general-purpose, jack-of-all-trades business where vehicles serve 1,000 different uses in delivery and transport. Ford with its Transit, being built in both Britain and Belgium, had established a strong challenge to all the other British and European manufacturers in this sector. The very versatility of the Transit, with its hundreds of options in door arrangement, engine and even body size, naturally made it an ideal fit in all sorts of market. Ford began to make strong penetration in Italy and France as well as in its traditional markets in Britain and Germany.

Joint project

Leyland, whose Austin-Morris subsidiary had been the main loser to Ford in Britain, brought out its own much-delayed answer a year ago. Citroen and Fiat, which had been working on a joint project for a front-wheel-drive van as part of their ill-fated partnership, each launched their own versions of it shortly afterwards. This year, it was Volkswagen—at one stage Europe's biggest manufacturer of vans but now strongly challenged by Ford—which responded. Its panel van, designed on the same rear air-cooled engine lines as the famous Beetle, finally ceded its place on the Hanover production lines to a modern replacement. With its Audi engine, driving the front wheels, the new van is a radical change in engineering principles, but it fits in much better with the European mainstream.

Mercedes, meanwhile, which had never been much interested in the light vehicle market, entered it through its purchase of Henschell-Hanomag. The light Hanomag vehicles, redesigned and re-engineered, soon became quite strong challengers at the upper end of the van business. More expensive, but also more spacious and probably more durable, Mercedes' range of medium vans attracted customers, such as the furniture trade or clothing distributors, who needed more space than the Transit could provide.

In France, Citroen and, to a lesser extent Peugeot, which had been the traditional suppliers of large vans to the French retail trade, began to find some of their customers deserting both to the cheaper Fords and Bedfords and to the more costly Mercedes.

At the same time, Ford discovered, particularly in Germany, that even the biggest version of the Transit had not enough capacity for some types of trade, while the smallest of the D Series trucks was too large. Hence, the company decided to develop its A Series to fill the gap. The vehicle which can be either a light truck or a big van, according to the body specification, was conceived on very similar lines to some of the small Mercedes vehicles, though of course it is generally much cheaper. Unlike the Transit, it was developed to carry substantial weights and to cover a reasonable mileage, so that there was less danger of it being under-engineered for a particular task.

The A Series, like the Transit before it, seems likely to force other European manufacturers to rethink their truck and van design strategies. Like its smaller forebear, it is immensely versatile and available in scores of options.

It is in this sector of the motor business, it is generally agreed, the British manufacturers face their greatest opportunities in Europe. It may be some consolation that while imported cars continue to deepen their penetration of the British car market, and light vans, built by Toyota, Simca and Fiat, bite deeper into the market at the bottom end, British exports of the more expensive medium and large vans and trucks are still strong. But with Volkswagen and Fiat now gearing up to produce more competitive vehicles in this range, the battle will not be entirely one-sided.

By James Ensor

Minimising the cost of distribution

HARDLY A trade or an industry could function efficiently without its delivery vehicle; the market is that big and the uses to which the vans and trucks can be put cover the whole range of activities. Demand ranges from the fleet requirements of the Post Office to the needs of the village grocer or milkman.

But while the market has enjoyed fairly steady growth and there have been few major innovations or shifts in demand, vehicle manufacturers are currently keeping a close watch on trends in what is a strongly competitive area.

Vans and trucks are the key element to the massive distribution industry which has received increasing attention and importance in the wake of Britain's changed economic circumstances over the past 18 months.

The energy crisis and the need to control expenditure on fuel has placed a new emphasis upon the efficient and optimal operation of vehicles. Moreover, high interest rates, coupled with the cash flow problems of companies, mean that stockholding must be kept to the minimum and warehousing and distribution policies subjected to re-examination.

As distribution costs take a larger share of total costs they become an important factor in planning product ranges and the site of production units.

The activities of the Price Commission in restricting the profit margins of distributors has put the pressure on retailers and wholesalers to seek economies wherever possible. The squeeze has tended to be greatest upon the grocery sector where margins are particularly low. Indeed, the grocery industry has undertaken a number of exercises to try to find ways of minimising distribution costs. Inevitably there tends to be a clash of interest to the extent that retailers and wholesalers will want to reduce stocks but not risk the situation where they run out completely and so will demand more frequent deliveries. However, the manufacturer for his part will be equally anxious to reduce his costs and prefer to deliver in bulk.

Attitudes

The tendency has been for retailers to accept that on rare occasions they may arrive at an out of stock situation and to look to the supplier to offer a reliable if less frequent delivery service.

Given such changed attitudes it has been possible for companies to contemplate cutbacks in their transport fleets. One of the most dramatic examples was provided by Brooke Bond, which dropped the fleet of vans traditionally servicing small retailers. Many manufacturers have also trimmed back their own transport in favour of specialist distributors or hire and leasing companies. Another trend which has helped to reduce the demand for vehicles has been the use of specialised firms which will compute the most efficient routes for vans.

A possible response to mounting costs is to look to the idea of trans-shipment depots, located on the outskirts of cities and towns, so that large trucks can offload goods for distribution in smaller consignments to retailers. Such a move would provide a more effective specialisation between the small trucks servicing shops and the large vehicles carrying bulk products.

British Rail has staked its claim to carry more bulk freight and any success would create a requirement for smaller vehicles to distribute goods from railway sidings.

Despite the competition between British Rail and road transport, the balance of freight carriage seems unlikely to change significantly with the vast amount continuing to travel by truck.

With vans and trucks taking such a prime role in delivery their operation will be crucial to any economies which may be found within the distribution system.

Obviously with the price of vehicles rising rapidly there is a tendency for operators to delay replacement until maintenance costs become too burdensome. While this trend has been apparent over the past 12 months in new orders for vehicles, manufacturers report some signs of an upturn in demand.

Companies offering hire and leasing facilities for vehicles will tend to benefit as operators jib at the increased capital costs of vans and trucks, but they also face competition from the large owner operated fleets which are being used to below full capacity. Such operators who may have turned to hire to meet peak demand will no longer be in the market.

Inevitably vehicle manufacturers will turn to improved design and service to ensure an improved share of the delivery market. More attention is being given to details such as ensuring that doors and tailgates are equipped to make loading and off-loading convenient.

Pressure

A pressure on the suppliers is exerted by major purchasers such as the Post Office. Such an organisation — and the Post Office has 24,000 vehicles on the postal side and 45,000 on telecommunications — will not only invite tenders but will conduct rigorous in-house tests to ensure that requirements are met.

Overall the view of the vehicle manufacturers is that delivery vehicles provide a sector which offers potential for further steady growth. But there is no room for complacency and there is tough competition for what trade is available.

Arthur Smith

The newly reintroduced Ford A-Series van.

Diesel engines

IN EUROPE, the diesel engine has achieved virtual dominance as the power unit for medium and large commercial vehicles. At the lower end of the weight range, however, which in terms of units accounts for the vast majority of trucks on the road, it has had by no means equal success. The rapid rise in petrol prices has now presented diesel manufacturers with the opportunity to break through in this sector too.

For vehicle operators the attraction of diesel engines lies in their running economy. Compared with petrol engines they give something like a 30 per cent. saving on fuel over a given mileage, and many countries have also loaded fuel tax in favour of diesel. In the present climate of rising costs this has become an extremely valuable virtue.

On the other hand, the diesel has definite disadvantages for the smaller operator. Perhaps the most important of these is cost. A diesel-engined van is priced at about £200 to £400 more than its petrol-engined competitor—the Ford Transit 90, for example, costs £1,648 in the petrol engined version, but £2,023 with the diesel option—and in many businesses that run vans these higher capital costs are considered more crucial than running expenses.

Secondly, diesels give the operator a heavier and somewhat slower vehicle on the road. Again, in some urban environments this may be considered important, and there is the added disadvantage that the motor industry overall is better geared to servicing the smaller range of petrol engines.

It remains to be seen how much these inherent disadvantages of diesel power will outweigh the very powerful thrust away from the petrol engine in the van sector. But already there are signs that the breakthrough that followed hard on the heels of the oil crisis will prove permanent. In a declining commercial vehicle market (reckoned to have fallen by 15 to 20 per cent. this year), diesel sales have remained steady, giving rise to hopes that the diesel manufacturers will capture 50 per cent. of new U.K. registrations in this sector within the next two years.

Such an achievement would represent a 20 per cent. increase on current levels for vehicles below 6 tons gross vehicle weight. This weight is the major break point in the light/medium sector: below it operators opt on average for diesel engines in only about 30 per cent. of their vehicles. In the 6 to 10 ton range this goes up sharply to 90 per cent. and over, and in the heavier weights diesels account for 100 per cent. of sales.

Below 6 tons the petrol engine becomes increasingly significant as the weight decreases, and holds virtually all of the car-derived van market.

Within Europe as a whole, dieselisation tends to be higher than in the U.K. in the lower weight ranges. Germany in particular has always been a strong diesel market, a tendency now reinforced by the great strength of Mercedes, which uses the same diesel engine for its light vans as in the 240 saloon car. Volkswagen is also introducing a Perkins-designed diesel engine in its new LT light commercial truck—VW's first diesel.

In France, Peugeot and Saviem produce diesels, leading to a relatively strong local diesel market, and in Italy—where the diesel version of the Ford Transit sells well—Alfa Romeo provides a local option. British Leyland, like Ford and the Continental manufacturers, also produces its own engine for the Sherpa range.

Ratio

Most Continental countries follow the British pattern of almost total dieselisation as vehicles become heavier. This is chiefly because the capital to running costs ratio becomes heavily weighted in favour of buying the more expensive diesel vehicles as operators move up the range. Heavy lorries are generally more durable and kept for much longer periods than light vans. Hence the capital costs can be spread over a number of years, while the running costs, given the very high fuel consumption of big vehicles, become highly significant.

In the U.K., however, the pattern is radically different in the smaller vehicle market, with operators tending to replace much more quickly. Hence the initial cost assumes greater importance to the new buyer, to the advantage of the petrol-powered unit. Nor is the operator looking so closely at the longevity of the vehicle, in which the diesel has a very positive advantage: because of their robust build, diesels tend to outlast the lighter vehicles in which they are used.

As industry responds to the pressures injected into the economy by the oil crisis it is likely that operators will look more closely at this question of vehicle life. There is evidence already that new buyers are

CONTINUED ON NEXT PAGE

Depressed market for caravans

The caravan version of the Mercedes-Benz Light Transporter van.

IT HAS been a bad year for the builders of motor homes. The energy crisis, with the resulting soaring petrol prices made many people think twice before laying out a deposit for a new motorised caravan. In the United States, which has been far in advance of any other market in the world in the sale of motor homes, holidaymakers found it hard to buy enough gas at each filling station to fill up their huge tanks and faced a humiliating gas crawl from station to station. These aspects of the crisis, of course, have faded as petrol supplies to the pump have become freer but the memories linger on in consumer's minds.

Tighter credit and higher interest charges have also depressed sales in what is largely a credit buying market. In Europe, where the market is far smaller than in the United States, the rise in petrol prices may have had a more substantial effect since the cost per gallon is already much higher. In addition, countries such as Britain imposed new higher rates of VAT which discriminated specificially against luxury goods, of which motor-homes are one example.

The inevitable result has been hard times and lay-offs at most U.S. and European motor home manufacturers. Some of the most deeply committed companies have been the hardest hit. Winnebago Industries, in the U.S., probably the world's largest manufacturer of motor homes and a favourite stock for Wall Street punters in 1973, plunged deep into the red. Many European producers, too, found their turnover and profitability slipping badly.

There is no doubt that the motor home business, like so many leisure industries, received a hard knock which will take some years to repair. But equally, few people would question that the rapid rate of sales expansion enjoyed in the early '70s will be interrupted permanently. As the North American and European economies get back into gear in 1976-77, we may expect to see many of the factors which precipitated the original boom recurring.

Annual vacations and free holiday time are everywhere being extended: and as people move from three to four to five weeks annual break, the purchase of a vehicle to be used specifically for holidays becomes a better and better economic proposition. The cost of conventional holidays in a package tour hotel are rising steadily and inexorably, both because of rising labour and construction costs and because the travelling cost of the holiday bears exactly the same excess fuel costs as the use of a motor home. For weak currency countries such as Britain, Italy or—at times—the U.S., there is the additional hazard of costs rising through exchange rate movements.

The typical European summer vacation, which consists of a drive of a few hundred miles to the South and a stay in a pension or small hotel, is becoming more and more expensive, not just for Britons, although they feel the pinch the most, but for Germans and Frenchmen as well. This has led to a huge development in holiday camps, where for a few pounds or marks a day, the holidaymaker can pitch his tent or park his caravan within reach of the sea or the lakes. Over the years, the camps have grown steadily more crowded, and the sea of blue and orange tents have become more and more penetrated, engulfed and finally replaced by the white shells of caravans and motor homes.

Except among visiting Australians and Americans, the trailer caravan seems to have been adopted as a more popular holiday vehicle than the motor home in Europe. This reverses the typical pattern in North America, where trailable caravans are a rarity, but all sorts of devices from demountable bodies to folding roofs are used to convert vans and light trucks into holiday homes.

Clearly, the trailer caravan which is cheaper and generally more spacious than the motor home appeals to the limited pocket of Europeans, who are generally owners of just one car. But in the United States, where multiple car ownership is the rule among the middle classes, it makes quite good sense for the second vehicle to double as a holiday home and a vehicle for taking the children to school. The same development may be expected to occur in Europe, particularly if the various transport authorities take further steps to limit the speed and reduce the accident rate of trailer caravans.

The use of a motor home as a second car, probably accounts for the remarkable appeal of the Volkswagen in the motor home market. For many years, the motor caravan market in Europe, including Britain, and the market for small motor homes in the U.S., has been dominated by this one concern, working through a variety of converters and builders. Despite its disadvantages of noise level and handling, the excellent reliability and good spares support of the Volkswagen, coupled with the fact that it provided car-like comfort for the driver ensured that it came to dominate both the North American and European light motor home markets.

In the U.S., the big motor home, built on a Dodge or GMC truck chassis, with a special body, designed from the start as a motor home, has constituted the bulk of the motor home market. Such huge vehicles, often with refrigeration and television and even a couple of Honda Trail bikes strapped to the rear, provide the ultimate luxury in motor homes. In Europe, though the Winnebago and some other American vans have been marketed, they have proved to be too expensive and too voracious in their fuel consumption to interest more than a wealthy fringe of pop singers and Grand Prix drivers.

Vehicles based on British medium trucks or on medium vans such as the Commer and Transit have been built by concerns like Caravans International (Motorised) and these seem to constitute the likely upper size limits for the major market in Europe. But even these medium-sized vehicles, with their specially built bodies are fairly expensive.

The main market, therefore, has been in the straightforward conversion of the light panel van, with side windows and sometimes a raised roof added to the basic van structure. Although converters have worked with vehicles as small as a Mini and as big as a Range Rover or Commer, the ma[illegible] market is concentrated aroun[illegible] the typical medium van of th[illegible] Volkswagen or Transit size.

Until quite recently, Volk[illegible]wagen dominated this marke[illegible] both on the Continent, and i[illegible] Britain, where each of the thre[illegible] major converters worked largel[illegible] with its vans. However, a dec[illegible]sion by Volkswagen to reduc[illegible] the number of its converters i[illegible] Britain to one and to market th[illegible] much more expensive Germa[illegible] Westphalia van, which had [illegible] factory-approved backing, opened up the British marke[illegible] to rivals.

Toyota and later Datsun we[illegible] quick to take advantage of th[illegible] situation and several converte[illegible] who used to specify Volkswage[illegible] now build on the Toyota Hi-Ac[illegible] and Toyo-Ace instead. Ford also sensing a growing mark[illegible] in Europe for motorhome[illegible] worked out a combined pr[illegible]gramme with Caravans Interna[illegible]tional (Motorised) for vehicle[illegible] based on its Transit van, in [illegible] deliberate attempt to break th[illegible] Volkswagen monopoly both i[illegible] Germany and Britain, and t[illegible] adopt Volkswagen's ow[illegible] methods of retailing moto[illegible] homes through car dealers. Th[illegible] project seemed destined for suc[illegible]cess, and would probably hav[illegible] achieved much if its launch ha[illegible] not coincided so unfortunatel[illegible] with the recession in the European market.

When the market recovers however, there will be man[illegible] more manufacturers producin[illegible] motor homes, in a greate[illegible] variety, yet with more attentio[illegible] to the economies of productio[illegible] line methods. The buyer, a[illegible] least, should benefit from th[illegible] increased competition.

James Ensor

The Leyland Sherpa.

Diesel CONTINUED FROM PREVIOUS PAGE

hanging onto their vehicles for longer than the customary two to three year cycle, and if this continues they will inevitably put pressure on the manufacturers to produce longer-lasting products—just as similar pressures are working through in the car industry. As this happens, the diesel engine becomes a sounder proposition both for the producer and the customer.

Already diesel manufacturers argue that the economic case lies heavily in their favour for anyone who takes more than an extremely short-term view. One manufacturer has drawn up figures to show that after about 20,000 miles of average use, the cheaper running costs of a diesel powered light distributive vehicle have covered the extra cost of the engine. Over 80,000 miles it calculates that the average operator would be running up costs of about 3p extra a mile in a diesel van. On short haul delivery work, with a great deal of stopping and starting, the diesel engine is even more economical.

Enthusiasm

With Governments showing increasing enthusiasm for diesel fuel, these kind of figures are growing more and more persuasive. Both of Britain's major light diesel manufacturers—Perkins and Ford—are striving hard to keep pace with demand, and it partly is Mercedes' great strength in this field that made it the most successful of the German motor manufacturers last year.

Overall, Perkins calculates that demand for diesels—including marine versions—has grown internationally by 14 per cent. over the last year. In Britain, where Perkins manufactures the engine for both the Bedford and the Commer vans, diesel sales have remained steady while petrol engine options have fallen off, says Perkins. Ford, which used to use the Perkins engine, but began making its own York series four years ago, is fitting diesel engines to some 25 per cent. of its Transit vans at present, a rise from about 10 per cent. when it opened the diesel plant.

Because of the current strength in demand, Ford is planning to increase its investment in the York engine, which is also used in the "A" Series of light trucks. Perkins is also investing heavily, spending some £10m. on new plant and development at its Peterborough complex last year, and investing a similar amount again this year.

At the moment the U.K. market, caught up in the midst of the present economic difficulties, is exceptionally difficult to predict. But no-one doubts that the trend towards diesel power in the van sector will continue, or that this is one of the major growth markets in the industry at present. In contrast to the rest of the motor industry, diesel manufacturers are working at full stretch; and when the U.K. and Europe's needs are satisfied, they are looking expectantly at the U.S. market, now almost virgin territory for diesels.

Terry Dodsworth

VANS AND LIGHT TRUCKS IV

Continental manufacturers

THE LIGHT and medium truck market has always been the most intensely competitive part of the European truck market. While fleet operators and buyers are prepared to pay premium prices for the big heavy-duty trucks used in European long-haul transcontinental operations, the grocery, distributive and building trades who buy most of the medium trucks, choose largely on initial prices. It makes sense to pay extra for a Volvo or Mercedes, hauling fruit from Sofia to Helsinki, or meat from Madrid to London, if the vehicle is going to be more reliable and durable than the alternative. But for a medium-sized dairy distributing milk in Devon, or a newspaperman with a round in East Anglia, the cheapest vehicle that will do the job is often also the most economical in the long run.

The British truck manufacturer, working on the American principles of value engineering, appreciated the logic of this argument rather earlier than most of the other European truck makers. Thus Bedford and Ford began making medium and light trucks, as well as highly versatile vans, with a designated durability that would be no longer than the likely lifetime of those vehicles in a not very demanding job.

The Mercedes-Benz L206D/L306D transporter with an exceptionally low floor for easy loading.

This "biscuit-tin engineering" as it has been derisively called by rivals building the heavier, more complex and more expensive vehicles, nevertheless proved its worth in the British market. Apart from a few instances such as building work the medium-sized truck is not called upon to put in the arduous slogging mileages at maximum weight loading, which the maximum weight articulated vehicle or the heavy-duty tipper performs. Therefore it makes little sense to construct both to the same standards.

Decline

Continental manufacturers, particularly the Germans and Swedes, have never wholeheartedly adopted this philosophy. The specialist heavy truck builders, like Volvo, Scania and MAN, either did not offer medium trucks at all or else simply marketed a smaller version of their big trucks at a very high price. Built in small quantities, to high specifications, these trucks were inevitably expensive; and when Bedford and Ford first started to market their value-engineered lightweights, first in Belgium and Holland, then in France and Italy, and finally in Germany, their price levels were well below those of the local competitors.

The traditional European medium truck builders, Fiat in France and Italy, Saviem and Citroen in France, Klockner-Humboldt Deutz and Mercedes in Germany and DAF in Holland began to feel a cold wind of competition, both from the British invaders and from each other as the Common Market tariffs were reduced. Some of the smallest companies, such as Alfa Romeo and Krupp virtually withdrew from truck production. Others like KHD and Henschell were absorbed.

One group of producers in Germany coalesced around the strong centre of Daimler-Benz, which began to reorganise its production on a rational basis from medium vans of 3 tons up to its 38-ton tractor units. Another group was developed by Fiat, taking in the German plants of KHD and the French plants of Unic as well as Italian operations. Fiat's spread in the van and truck business is far larger than Mercedes and extends from car-based vans through the small OM vans and trucks into Unic lightweight trucks. In France, the eventual collapse of Citroen forced a merger of its subsidiary Berliet, which was primarily concentrated at the heavy end, with Saviem which produces medium trucks and is in turn a subsidiary of Renault, which has an extensive line of vans.

The increasing coalescence of once independent van and truck makers into larger groups, able to exert the power of common purchasing policies and shared production facilities, places the remaining European independents in an ever more exposed and uneconomic position. Four of them decided that their only real hope of remaining in the medium and small vehicle market was to establish a common design and production platform of their own. Thus, the Club Truck programme was born, with the backing of Volvo in Sweden, DAF in Holland, Saviem in France and KHD in Germany.

The four, none of whom were in the big league, decided on an ingenious strategy. They established a joint company registered both in Amsterdam and Paris, to design and develop a common vehicle which could be assembled in each of the plants, at Eindhoven, Ulm, Blainville and Ghent.

The company goes under a variety of names: but in its French title, it is the "Club des Independantes" and it is headed by a Frenchman M. Bousquet, working from a small headquarters near Paris. The headquarters, whose working language is English, is effectively a purchasing and engineering centre for the vehicle, for its production and marketing remains the responsibility of the individual companies. Indeed in many markets, two, three or even four variants of the same design will be marketed in competition with one another through the separate dealer networks.

The design team tried to produce a standardised vehicle which would suit all the companies and all their expert markets, from Volvo's business in the Finnish Arctic to Saviem's on the fringe of the Algerian Sahara. The weight range, from a 6-ton light delivery truck to a 16-ton medium truck covers precisely the range in which Ford and Bedford have developed most strongly.

Basically, each company was responsible for its own engine, Volvo choosing to adopt British-built Perkins diesels, the others supplying their own in some cases and using Perkins in others. The cab, chassis and most of the running fixtures such as axles, gearboxes, brakes and drive-lines were completely standardised. The cabs are manufactured centrally in France, and shipped in flat sections to the assembly plants in France, Holland, Belgium and Germany where they are painted and assembled. The gearboxes are bought in from ZF in Germany and the rear axles in France. The chassis frames are stamped and drilled in France but completed at each plant.

Loser

Inevitably, the cost of designing a vehicle like this is substantially higher than for a single company model. M. Bousquet estimates that it cost, overall perhaps 30 per cent more than if Saviem had designed the truck itself, but then the costs are split into four, so that each company's individual contribution is only one third of what it would have been for a solo effort. The biggest benefit is in the cost of component parts, both those such as the chassis which are manufactured in the plants of one of the participants and those like gearbox, engine and axles which are bought in from outside suppliers. Substantial savings can be made here by giving bigger production orders.

The Continental truck and van industry is emerging from its isolation as the force of external competition, from the British and Swedes makes itself felt. It seems unlikely that the precise pattern of the Club Truck will be repeated on a larger scale, for each of the participants has become in some way involved with a larger group since it was conceived. Thus KHD and its Magirus line has become part of Fiat, and Saviem has taken over Berliet. DAF is part of the International Harvester operation and seems likely to become steadily more closely integrated in its operations.

But what is certain is that there will be many more examples of co-operative ventures, designed to satisfy particular needs at particular times. A good example is the plant being established by Fiat, Saviem and Alfa Romeo at Lecce in Southern Italy. These will build high speed diesel engines for all three companies to be used in light vans, and perhaps cars.

James Ensor

Car-derived vans

CAR - DERIVED vans have never been a particularly exciting area of the U.K. vehicle scene. In a way they fall into a no-man's land since they are used both for commercial and private use. Nevertheless, the U.K. market is well supplied and a number of features—in particular the future of pick-up vans and the increasing tendency towards more luxury specifications in CDVs—promise to provide interesting developments over the next few years.

Even before the ravages of the current economic recession in the U.K. the light car-derived van market had shown little or no growth for ten years, and the decline since the oil crisis at the end of 1973 has been roughly in line with that of the car market.

The mid-sixties saw the car-derived van market fall from around 100,000 units annually to some 80,000 in 1967. Subsequently there was a slow recovery, with a market of 84,000 in 1968 growing to 92,000 in 1971 and the magic 100,000 figure being once again passed in 1972.

Impact

Production in 1973 again fell only just short of 100,000 but the economic problems of 1974, relating to inflation and raw material costs—particularly oil—and their joint impact on the cash position of business in general, saw the market nose-dive. Registrations of car-derived vans last year fell by some 23 per cent. to 76,546. Sales in the first six months of 1975, at just under 40,000, suggest that this year's market will be little better.

Nevertheless, despite its lack of promise, this particular area of the commercial vehicle market has a variety of competing models and manufacturers which has grown dramatically in recent years.

Within the overall van market there are three predominant sectors: private, company and Government. Models registered for private use tend to be bought as the cheapest form of transport available, since they cannot legally be used to carry goods associated with business. This sector has been one of the principal factors in the general recovery of the car-derived van markets up to 1972.

The second category—which now includes the very important area of sales to the Post Office since it became a public corporation—is the most important. It also includes the important area of sales to individuals for company use.

Finally there are models purchased by the Government. This sector has declined considerably in recent years and has now fallen to under 1,000 units annually.

The market remains dominated by domestic manufacturers, if one includes the promising new Simca van as part of the Chrysler set-up. Although companies like Fiat and Toyota still present a threat, the level of overseas penetration is nowhere near as high as that of the car market and has not shown the growth of imports experienced at the heavier end of commercial vehicles.

The big names in the market remain Austin-Morris, through its Marina and Mini-based range, Ford, with its Escort model, and Vauxhall with its well-tried Viva-based Bedford HA model.

The Post Office is, perhaps surprisingly, Britain's largest commercial fleet operator with over 75,000 vehicles. Vauxhall recently pulled off something of a coup in winning the largest vehicle order—worth around £6½m.—ever placed by the Post Office. The major element in the contract is the HA 6-cwt van, over 3,000 of which are required for telecommunications and nearly 1,800 for the postal services.

Range

This is the first time that the Bedford van will be seen in the familiar red livery of post vans, while the vehicles for the telecommunications side—with their yellow livery—join more than 7,000 similar Bedfords ordered over the last three years.

Austin-Morris perhaps offers the widest range of car-derived variants—covering 5 cwt, 6 cwt, 8 cwt and 10 cwt—through its Marina and Mini variants, both of which also come in pick-up version.

Austin-Morris's introduction of the pick-up last year came as something of an innovation. Most companies have felt that there was no real demand for a pick-up in the U.K., possibly because of the climate.

Leyland's Marina-based vans were introduced at the 1972 commercial vehicle show but the new pick-up version revealed last year—which comes in a 10 cwt de luxe form—represents a genuinely new departure, and the company reckons that there will be significant demand for this type of vehicle from commercial and private users alike.

In particular, British Leyland stresses the potential of the leisure market for its pick-up vans. In the U.S. the pick-up is much more of a "second car" which can be used for outdoor activities such as camping, an area which continues to grow in popularity in the U.K.

Powerful

Again, the Mini van has always held a powerful position in the private area of the market where economic considerations have been paramount. Nevertheless, the Mini has also won orders from commercial organisations and the armed forces. Fleets have been supplied to the AA, the Evening Standard and the Royal Air Force.

One tendency in recent years has been to increase the specifications of car-derived vans and to emphasise higher quality fittings and saloon car-type performance.

For example, the Ford Escort Van, which has for several years proved highly popular, was in January uprated not only in terms of internal and external styling and increased payload but was also given the Ford C3 automatic as an option. The saloon car performance of the Simca 1100 van — introduced into the U.K. by Chrysler—and the fact that the van's standard specifications includes features such as two-speed wipers, electric washers and a full and flexible heating and ventilation system are heavily stressed in the marketing of the van. These are the sort of features which are likely to become standard on car-derived vans over the next few years.

Peter Foster

A Simca 1100 van.

Export hopes for the medium range

WHILE THE domestic market for medium vans remains depressed, with operators clearly getting as much mileage as they can out of vehicles before replacing them, the U.K. manufacturers are optimistic about sales abroad, particularly in Europe.

Registrations of medium vans in the U.K. totalled 51,980 in the first six months of this year, compared to 99,533 for the whole of last year and 125,947 for 1973, indicating that the market is showing no sign of moving back to previous levels of activity.

Although Ford's Transit continues to dominate the range, up to 3.5 tons gross, the most significant development in recent months has been the sales performance of Leyland's new Sherpa. The range of vans has been well received and is highly competitive with comparable vans, particularly on fuel economy.

Following a three-months sales campaign it is now estimated that the Sherpa has captured more than 15 per cent. of the U.K. market, lifting Leyland into a far better position. However, despite the intention to raise this proportion still higher, it is not anticipated that the range will ever achieve more than 20 per cent.

On the export side, Leyland is aiming at its more traditional markets where the Sherpa's predecessors, the JU and J4 ranges, have long been successful. Europe is a prime target, with countries such as Nigeria also showing a keen interest.

One surprise in the marketing of the new van has been its great popularity as a motor caravan and demand has been far beyond expectations. Leyland now sees this as far more than a fringe activity, despite a recent dip in demand due to the new application of VAT to these vehicles.

The range is available with diesel engines for fleet orders and the Post Office has been one of the early customers, expressing some satisfaction with the economy achieved in an early test on the vehicle. Although the Sherpa has won no awards for its good looks, it is regarded as a thoroughly workmanlike vehicle which has been designed to be functional above anything else.

Devoid

The body sides are devoid of space-wasting stylistic bulges and the 190 cubic feet of space is contained in a shell of moderate overall width of 68 inches. An optional side loading door is available at no extra cost. Four derivatives of the B series engine are used, including a new diesel engine.

The van is offered in three basic payloads, designated by a number which corresponds with the gross vehicle weight in tons. The 185 model (1.85 tons GVW) has a nominal payload of 13 cwt. Other models include factory built integral construction pick-up and the chassis derivatives. The chassis cab and chassis front-end models use the same basic mechanical units as the van for simplicity of spares and service.

Vauxhall's view of the market is that domestic demand is softening considerably, due largely to the fall in buying of consumer durables. It believes that its range of Bedford CF vans, which hold about 20 per cent. of the market, are used extensively in the kind of delivery work which has been hit by falling demand and operators are consequently delaying replacement where possible.

The vehicle, which is available in gross weights ranging from 2.2 tons to 3.44 tons as panel vans, chassis cabs [illegible] chassis cowl, has now been e[illegible]tended to a long wheelba[illegible] version, the CF 350. The ma[illegible] application here is seen as hig[illegible] volume box vans.

The 2.78 version has been t[illegible] basis for the standard Londo[illegible] ambulance and is recognise[illegible] through its type of suspensi[illegible] as giving an extremely goo[illegible] ride.

At present Vauxhall's expor[illegible] of this range of vans is runnin[illegible] at 46 per cent. of total sale[illegible] and in 1974 exports of the [illegible] represented 35 per cent. of th[illegible] U.K. total for this type [illegible] vehicle, according to the com[illegible]pany. It believes the expor[illegible] market will hold up fairly we[illegible] and is optimistic about prospect[illegible] in Germany, where it is alread[illegible] marketing the vehicle under th[illegible] name Bedford Blitz. It has [illegible] marketing arrangement wit[illegible] Opel and exported a substanti[illegible] number there is the first fiv[illegible] months of this year. Total sale[illegible] were about 38,000 last year.

Difficult

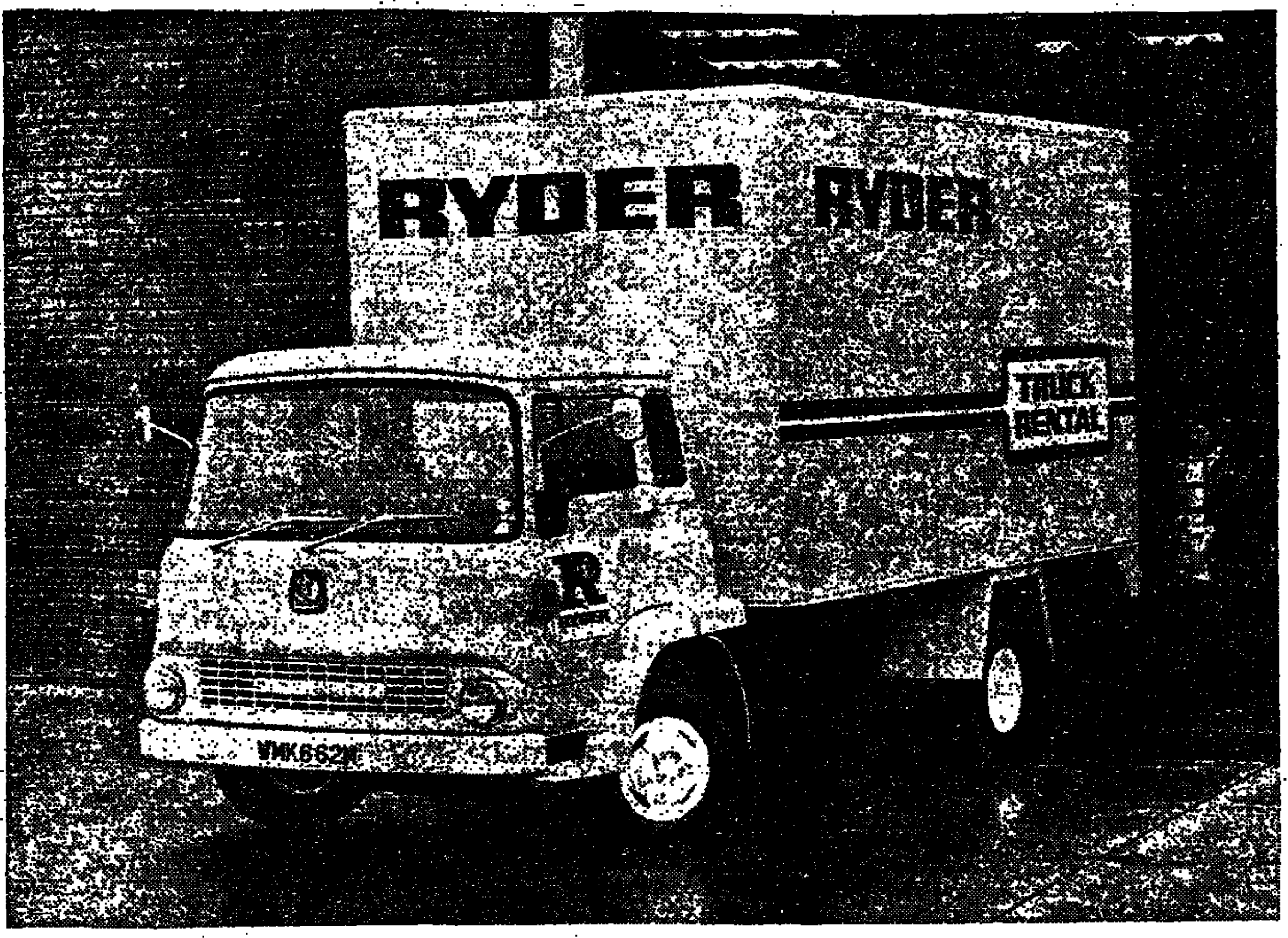
Returning to Ford's opera[illegible]tions, it is clear that the [illegible] year-old Transit remains highl[illegible] competitive and will be difficul[illegible] to displace. Looking also a[illegible] Ford's share of the U.K. market it has been consistently large[illegible] In 1972, when 120,000 mediu[illegible] weight vehicles were registered Ford accounted for 45,196 o[illegible] 37.7 per cent. of the market The following year this slippe[illegible] to 33.3 per cent., but in 197[illegible] rose to 36.1 per cent. and i[illegible] the first six months of this yea[illegible] it captured 38.4 per cent.

Looking now at Ford's Euro[illegible]pean performance, the compan[illegible] sold 81,600 medium vans i[illegible] Europe in 1974, out of a tota[illegible] market of 439,000 and had 18.[illegible] per cent. of the total market Across the whole range of light medium and heavy vehicles Ford last year had slightly mor[illegible] than 13 per cent. of the market

It now remains to be seen how quickly the economies o[illegible] the various European countries recover fully and the retai[illegible] consumer-generated demand for this type of vehicle is restored to former levels. It has become clear to the major manufac[illegible]turers in the U.K. that Europe is the prime market for van sales and they must tailor both their products and their marketing in that direction.

But British strength in van manufacture has not prevented it losing ground in many traditional markets such as South Africa and Commonwealth countries, and it is clear that European manufacturers are not going to take the challenge in their own market lying down. But this may not mean confrontation, as many companies now believe co-operation to be more fruitful when their products are not in direct competition.

Lorne Barling



A Bedford owned by Ryder Truck Rental.

Bigger demand for rental facilities

WITH INCREASING sophistication in fleet management the longer term future of both truck rental and leasing seems assured. In the shorter term, neither field has been unaffected by the economic difficulties of the U.K., but the cash flow difficulties and lack of a regular stream of work which are symptomatic of the distributors' and hauliers' problems have themselves tended to highlight the advantages both of short-term rental and longer term contract hire and leasing.

The rental field has in the last few years been dominated by Godfrey Davis, Avis and Hertz but the entrance inte this highly competitive market of British Road Services—part of the National Freight Corporation—six months ago indicates faith in rental's expansion possibilities.

Reliable

The essential difference between rental and contract hire, or leasing, is that the former is a short-term arrangement for a period of between a day and six months. The U.S.-based Rydor, which came into the British market in 1971, even quotes hourly rates on everything from its 18 cwt vans to 32 ton tractor units.

Reliable rental facilities are of great benefit to the haulier or distributor because they enable him to maintain a smaller fixed fleet for his "baseload" business. He can then "rent in" vehicles when there are peaks of demand either because of seasonal factors or through sudden unexpected peaks in demand.

Meanwhile, cash flow problems — which have resulted from hauliers being unable to raise their rates in line with costs against a declining volume background—have meant that the spot hire market has benefited from hauliers simply being unable to replace or expand their fleets.

British Road Services Truck rental department points out that the heaviest vehicles can cost about £2,000 a year in taxation alone, while the price of a new outfit will run easily into five figures. Add around 6p a mile for maintenance and the advantages of not getting involved in capital outlay is clearly seen. These figures all have to be scaled down for the van and light truck end of the market, but the underlying principle remains the same.

The other, longer term, alternative to capital outlay—which has grown significantly over recent years—is that of leasing, or contract hire. There is some confusion here in the terminology and it is perhaps a good idea to try and differentiate between the two.

The thing to bear in mind is that the maintenance lease and the contract hire agreement are likely to be much the same thing. Leasing was originally thought of purely as a financial arrangement, whereby the lessor bought specified equipment which would then be used by the lessee in return for a series of rental payments over a fixed period. Essentially this deal amounted to the borrowing of the equipment rather than the borrowing of the money to buy it, and possession never passed to the lessee. However, the "frills" on leasing have grown until it now amounts to contract hire under a new name. Maintenance, service and replacement vehicles now tend to be built into the longer term leasing deals offered by the big rental companies and by the leasing subsidiares of the large truck manufacturers.

In a "service" lease the *financial factors, such as trends in* interest rates and taxable profits, play a less significant part in the overall calculation, although other features, such as the rate of inflation in repair and maintenance and in new vehicle costs have to he taken into consideration.

Leasing

One significant feature of the truck leasing market is the fact that the lead has been taken by companies with American parents. Leasing is much bigger business in the U.S. than in the U.K. It has grown in the van and truck market for three principal reasons. Leasing—in its "maintenance" form—is more efficient in fleet management terms; there has been a growth in restrictive legislation in recent years; while cash flow difficulties have forced hauliers to seek means of finance outside the traditional areas of bank and finance house borrowing.

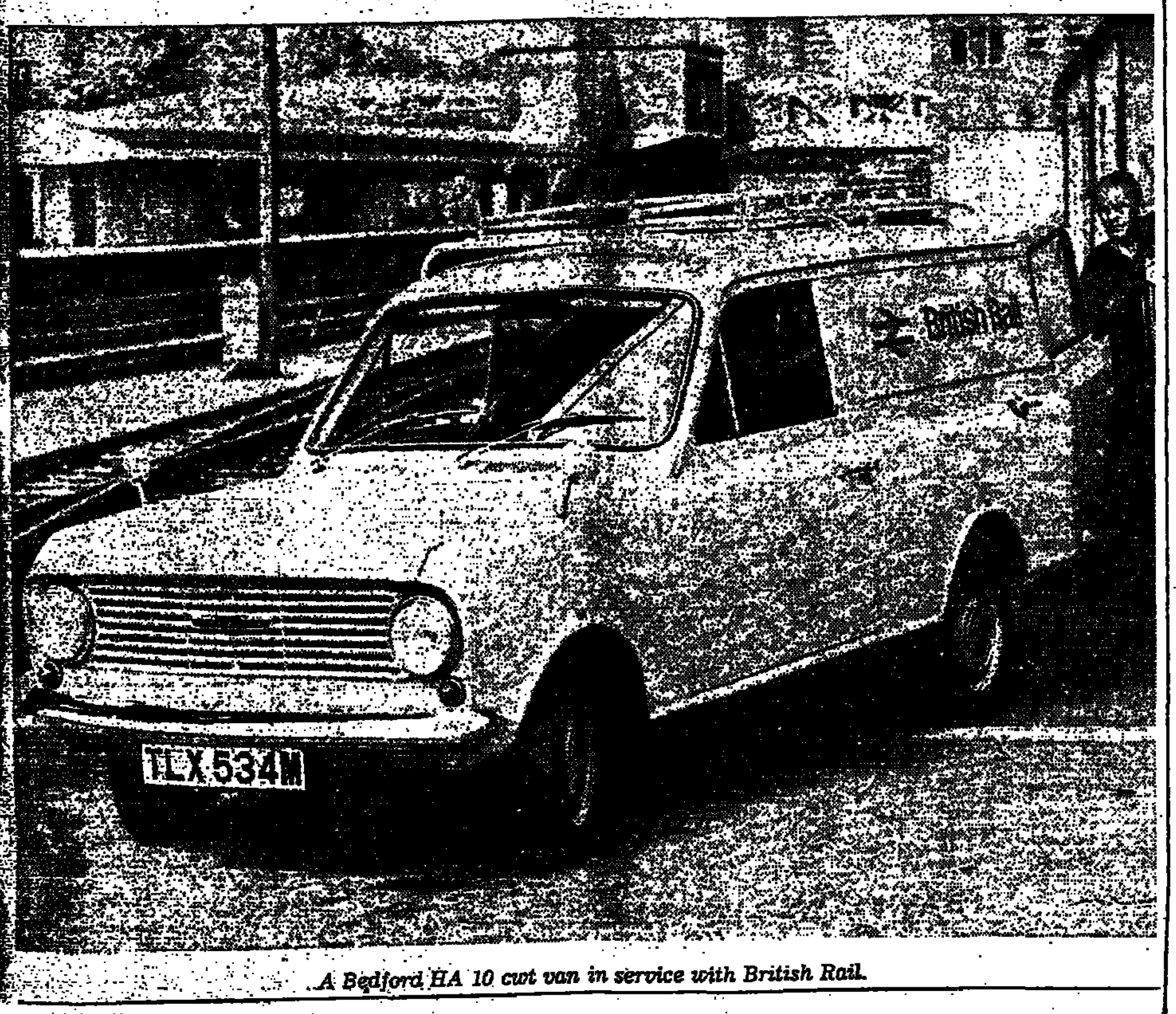
New laws, backed up by tighter enforcement, have *included the* introduction of goods vehicle plating, the annual testing of vehicles and new operators' licence provisions. These factors have all tended to increase the attractions of "hiving off" vehicle fleet management entirely.

Contract hire and leasing fundamentally involve the supply of vehicles and associated services to meet the special needs of a haulier or own account distributor over a specified period of time. The deal may include the driver or may be restricted to the vehicle alone. It may also, and now usually does, contain maintenance, fuel and oil, insurance and licensing, with a more or less comprehensive range of back-up services possibly including replacement vehicles.

Licensing, insurance and other aspects of the responsibilities of ownership have created many problems for hauliers and distributors in recent years. One of the main issues has centred round employment of the driver. If he is part of the deal it is usual for the vehicles to be operated under the "O" licence of the hirer, since he is providing the driver's wages. There has also been much controversy over the question of driver agencies and the issue of legal liability. It is now well known throughout the industry that firms renting or hiring vehicles and hiring drivers should take professional advice about the extent of their legal liability.

Long-term contract hire has been mainly in the hands of old established specialists, although the big truck renters have tended to expand their activities —under the more "up market" term leasing—in recent years. On the other hand, the entry of British Road Services provided an example of the largest British company travelling in the opposite direction, from long to shorter term hire. BRS's move into the rental field is to be followed by diversification into contract hire, tailor made distribution and even warehousing.

Peter Foster



A Bedford HA 10 cwt van in service with British Rail.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Lower on fear of rising Prime Rate

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 10.

FURTHER GAINS wer chopped back sharply by late selling on Wall Street to-day, when operators decided to lighten their holdings on the possibility that bank prime interest rates may rise soon.

After further advancing 7.35 to 879.22, the Dow Jones Industrial Average finished at 871.87 unchanged on the day. The NYSE All Common Index was up one cent at $50.74, while gains led losses by 830-585. Trading volume further expanded 2.53m. shares to 28.88m.

The market's initial strength followed a robust performance yesterday, attributed primarily to optimism about peace prospects in the Middle East and the price cut on oil by Ecuador.

But talk about a possible boost in the prime rate—to 7¼ per cent. from 7 per cent.—again surfaced and profit-taking set in.

Some issues responded favourably to higher quarterly earnings statements. Among them were Buffalo Forge up $2¼ to $25, Joy Manufacturing $1 higher at $85½, and Abbott Laboratories up ¾ to $77.

However, Burroughs fell $4¾ to $103⅞ despite higher quarterly results. IBM too sagged $4¾ to $204¾. Analysts expect lower quarterly profits.

IBM was also the subject of a newspaper report, in which analysts said the company's stock was plagued by several factors, including the U.S. Justice Department's anti-trust suit, still being heard.

J. P. Morgan dropped two points to $67¼. After the close, the company reported slightly higher second quarter results.

Heavily-traded Texaco climbed $¾ to $26⅞. Walter Kidde, also active, rose $1⅛ to $22⅞ on 318,200 shares, most of which involved a block of 300,000 shares at $21⅞.

Polaroid, which traded 221,900 shares, lost $1⅛ to $39⅛, reversing recent firmness.

A. E. Staley dropped $2 to $32½ after having spurted more than $6 on Wednesday. The company reported sharply higher earnings.

Steels were mixed, while Motors scored fractional gains. In Chemicals, Du Pont lost $1⅛ to $124.

Prices on the American Stock Exchange advanced in heavy trading. The Amex index rose 0.86 to 94.97, while advances led declines, 478 to 281. Turnover swelled to 4.85m. shares from 4.15m. shares on Wednesday.

Canada higher

Stocks closed with solid gains in active Canadian stock exchange trading.

The Industrial and Western Oil indices both adde dwell over two points, ending at 192.91 and 100.78 respectively. Bas Metals gained more than one, but Golds dropped 7.14 to 407.34 following a decline in the bullion price.

Volume was healthy at 2,904,025 shares in Toronto compared with 2,669,539 shares on Wednesday.

Banks, mines and Distillers stood out in a broad buying trend.

OTHER MARKETS

PARIS—Firm in quiet trading, encouraged by Finance Minister Fourcade's assurances that taxation will not be increased.

Metals, however, were generally lower, but other sectors moved ahead. Foods were strong, led by Carrefour which gained Frs.46 to 1,862.

Motors were strong, with Peugeot up Frs.5.1 to 245.5.

Banks and Oils were mixed.

Foreign stocks were well maintained. Coppers were mixed, while Gold Mines were a little lower.

BRUSSELS—Broadly higher in active trading.

Metals firmed. Union Miniere rose Frs.28 to 1,376 and Hoboken Frs.95 to 3,950. In mixed Steels, Cockerill were Frs.20 down to 1,040. Oils advanced modestly. Petrofina rose Frs.60 to 5,190.

Among Internationals, U.S. shares were active and higher. General Motors put on Frs.75 to 1,935, IBM Frs.50 to 8,060, Westinghouse Frs.22 to 722, ITT Frs.30 to 930 and Union Carbide Frs.65 to 2,300.

Among higher French shares, Peugeot gained Frs.50 to 2,200. Among firm German stocks, Siemens were up Frs.70 to 4,280. South African Gold mines eased. Zandpan slipped Frs.5 to 246. Philips rose Frs.8 to 361 in higher Dutch shares.

AMSTERDAM — Generally higher, inspired by Wednesday's strong rise on Wall Street.

Among Internationals, AKZO put on Fls.0.60, Philips Fls.0.70, Royal Dutch Fls.2.90 and Unilever Fls.1.40.

Banks and Insurances also gained ground. In Transportations, KLM rose Fls.1.80. Shippings were weak.

Dutch Industrials firmed. Gist-Brocades improved Fls.1.8.

Bond Market prices were affected by a new Government 8.5 per cent. coupon.

GERMANY—Shares generally rose in lively trading.

Siemens advanced DM7 to DM273 on its negotiations to take part of Deutsche Bank's stake in Daimler up DM7.5 to DM307.5.

In Motors, BMW rose DM4.50 to DM234.5 and VW DM1 to DM105.

Deutsche Bank were lifted DM5.50 to DM325, Dresdner gained DM1.50 to DM246 and Commerzbank improved DM2.2 to DM212.

Bond Market prices were little changed, despite doubled offerings. The Regulating Authorities took almost DM100m. worth of Public Issues in Frankfurt alone.

OSLO—Banks and Insurances were quiet, Industrials irregular, while Shippings were well maintained.

VIENNA — Generally quietly steady.

COPENHAGEN—Mixed to lower in moderate dealings. Communications were little changed.

SWITZERLAND — Generally well disposed on selective buying interest.

But recently strongly favoured leading Banks closed little changed.

Elektrowatt, Juvena Bearer and Oerlikon-Buehrle led Financials gains. Zurich Bearer advanced among Insurances.

State Bonds fluctuated narrowly.

Dollar stocks moved higher over a broad front and Dutch Internationals gained slightly, but Germans were easier.

MILAN—Prices lost an average 1 per cent. in active trading.

Immobiliare Roma were especially affected and dropped about 5 per cent. following unconfirmed rumours that it might devaluate its social capital.

Fiat, Carlo Erba and Eridania were among the few issues which closed marginally higher.

HONG KONG—Market fluctuated narrowly in moderately active trading.

Hutchison fell 10 cents to $HK2.05—it is deferring its rights issue proposal following difficuities encountered by an Indonesian subsidiary.

HK Gas gained 40 cents to $HK17.20 on the bid by HK Electric, unchanged at $HK3.70.

TOKYO—Market dipped slightly on late liquidation, reflecting uncertainty over the pace of the domestic economic recovery. Volume 180m. (same) shares.

Motors, Pharmaceuticals, Electricals and Housings dropped on liquidation.

But Nippon Steel met demand and firmed on Press reports that it plans to boost its capital. Other Steel Mills moved up in sympathy.

Some Collieries also firmed on reports that the Government may raise domestic coal prices.

AUSTRALIA—Prices tended to stabilise at generally lower levels as markets continued to await developments on the Canberra political front.

CSR gave up 3 cents to $A4.25, EZ Industries declined 10 cents to $A2.20 and Bank of NSW also were down 10 cents to $A8.30.

Cyclone were boosted 25 cents to $A2.15 on the ARC counterbid.

Golds firmed, with Emperor putting on 5 cents to $A1.50.

Coals were mainly steady.

JOHANNESBURG—Gold shares were lowest in a small-turnover, with net losses in the region of 5 to 50 cents.

Financial Minings were steady to slightly higher. Platinums were quietly firmer on local support, while Coppers and Manganese shares were little changed.

Collieries shed between 5 and 25 cents., Asbestos issues eased, while Industrials were steady.

Lags changed at 70 cents., up 13 cents, following Lonrho's offer.

Indices

NEW YORK

DOW JONES AVERAGES

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
July 10	106.51	94.81
9	106.54	94.89
8	104.92	93.38
7	105.06	93.54
3	106.09	94.36
2	105.77	94.18

MELBOURNE YIELDS

Av'ge yield on oil Leading Stocks	July 10	July 6	June 25
On Dividends	7.20	7.17	7.36
On Earnings	13.80	13.74	14.12

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

HONG KONG INDEX

SINGAPORE INDEX

EUROPE

TORONTO

MONTREAL

JOHANNESBURG

THURSDAY'S ACTIVE STOCKS

STOCK AND BOND YIELDS

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

Pound rises

Sterling continued to strengthen against major currencies in general in the foreign exchange market yesterday, although the dollar was itself substantially stronger against leading units as a whole. The day's movements took place against the background of the French franc's rejoining the common float operated by certain European Economic Community and other countries, as well as against the background of the developments in the U.K. battle to restrain inflation, and the reports of Russian moves to buy dollars (and to sell gold) for the purpose of grain purchases. The pound's trade-weighted average depreciation against ten units since the Washington Currency Agreement (as calculated by the Bank of England) narrowed on balance to 27.1 per cent., from 27.3 per cent. overnight, and stood at 27.4 per cent. in early dealings, and at 27.3 per cent. at noon.

The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement narrowed to 3.06 per cent., from 3.32 per cent., while sterling's depreciation on a similar basis narowed to 33.23 per cent., from 33.45 per cent. It seemed possible that there was some official French steadying intervention in dealings in the French franc. On the Morgan Guaranty 14-currency post-Washington calculation, the franc's weighted loss narrowed to 6.03 per cent., from 6.17 per cent.

Gold fell back $2 an ounce to $163¾-164¾, in moderate business, opening at $164¼-165¼, its best of the day, and touching a day's low of $163-164 in the later afternoon.

The premium on the Krugerrand over its gold content ended in places at 9⅞ per cent., against 9⁷⁄₁₆ per cent. overnight, in domestic dealings, while in international it finished at 3⅞ per cent., against 3⁷⁄₁₆ per cent.

EXCHANGE CROSS-RATES

July 10	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankf't.	—	2.416-418	58.05-58.25	6.37-39	5.30-5.32	[illegible]	[illegible]
N. York	41.38-39	—	24.10-12	2.771-773	2.20¼-2055	39.93-40.02	38.97-90
Paris	171.925-325	4.159-169	—	11.513-540	[illegible]	[illegible]	[illegible]
Brussels	14.83-14.85	36.08-13	8.65-70	—	79.24-79.44	[illegible]	[illegible]
London	5.51¼-5.3	2.1985-2005	9.131-144	79.30-50	—	[illegible]	[illegible]
Am'erdam	103.556-405	2.5007-32	60.14-19	6.8255-3536	5.4946-95	—	[illegible]
Zurich	106.12-25	2.5636-60	61.70-79	7.0875-1050	5.639-555	102.63-72	—

U.S. $ in Montreal. U.S. $=102.96-98 Canadian cents.

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rate short-term 11¾-12 per cent.; seven days' notice 11¾-12 per cent.; one-month 11¼-11¾ per cent.; three months 11¼-11¾ per cent.; six months 11¼-11¾ per cent.; one year 11¼-11¾ per cent.

Longer-term Eurodollar deposits: two years 9¼-9¾ per cent.; three years 9¼-9¾ per cent.; four years 9¼-9¾ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposits: one month 6¾-6⁹⁄₁₆ per cent.; three months 7⅛-6¹⁵⁄₁₆ per cent.; six months 8-7⁹⁄₁₆ per cent.; one year 8¼-7¹⁵⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—88½% (90¼%)

NEW YORK

CANADA

GERMANY

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

TOKYO

PARIS

BRUSSELS

SPAIN

STOCKHOLM

MILAN

OSLO

SWITZERLAND

COPENHAGEN

FARMING AND RAW MATERIALS

Early start to British harvesting

By Peter Bullen

BRITAIN'S GRAIN harvest has begun. Yesterday I watched one of the first fields of barley being combined here in Dorset.

The 20 acres of winter-sown Astrix barley was about a week to 10 days earlier than usual due to the hot dry weather, said the farmer Mr. E. Sere. The crop was rather light and he would be lucky to get over 30 cwt an acre, he estimated.

Harvesting, which has begun in two or three other places in southern England, is bound to be affected by a new hazard this year—aphid infestation. Losses of up to 10 cwts an acre of wheat are forecast for badly infested farms. Barley also will suffer but to a lesser degree.

These insects have been only a sporadic, minor problem in the past but this year they have become a major menace on farms throughout southern England. On another Dorset farm yesterday, I saw ears of wheat carrying 200 or 300 insects in crops which were beyond the stage when insecticide spraying could help.

However, when the infestation is low — around three to five insects per ear—prompt spraying would prevent the inevitable build-up of insect numbers and cut losses, according to ICI crop spraying specialists here.

● Drought has cost Britain 1m. long tons of grain so far from this year's harvest, which could be the worst since 1970, Mr. John Powling, managing director of Farm Seeds, claimed yesterday.

Freak conditions over the past 12 months could mean a grain crop of 13.5m. tons, 2.5m. down on last year's record. But more dry weather could cut yields still further, he said.

Cocoa prices soar on U.S. demand surprise

BY OUR COMMODITIES STAFF

COCOA PRICES surged up in the London and New York terminal markets yesterday, following news of a much lower than expected fall in U.S. cocoa demand during the second quarter of 1975. In hectic trading conditions, the September position on the London futures market jumped by £29, to £547.5 a tonne, and in New York the market was the permissible limit up at one stage.

The U.S. Chocolate Manufacturers Association announced that cocoa bean grindings during April to June fell to 56,678 short tons—10.8 per cent. lower than in the same period last year. This took the market completely by surprise, since it had generally been forecast that U.S. grindings would fall by at least 15 per cent. and possibly more—indeed at the beginning of the week a 25 per cent. drop was being predicted.

London dealers were at a loss to explain why the market forecasts, which are usually fairly accurate, should be so off target on this occasion.

They were unable to find any special circumstances that would distort the figures greatly, although one possible explanation is that an adjustment has been made with the first quarter grindings, which fell more than anticipated.

It was pointed out that U.S. traders and manufacturers were taken by surprise too, and that bean imports to the U.S. during the first five months show a fall of some 28 per cent. and cocoa product imports are also down. In these circumstances, dealers were tending to adopt a cautious attitude to the figures while trying to find an explanation.

Despite the apparent surprise recovery in U.S. cocoa consumption, dealers continue to be gloomy about the trend in British demand. It is being forecast that U.K. grindings for the second quarter, expected next week, will show a decline of at least 20 per cent. and possibly 25 per cent.

However, a recovery in U.S. demand would be extremely welcome to cocoa producing countries who are due to meet in Ghana later this month to discuss a common approach to the forthcoming negotiations on a new International Cocoa Agreement.

Egg market stronger

By Our Commodities Staff

THE U.K. eggs market is looking a little stronger, said a spokesman for the Goldenlay egg-marketing consortium. Large eggs would go up in price by 2p a dozen next week, but other grades would remain unchanged.

The firmer market is mainly attributed to a recent decline in imports from France. In the week to June 29, imports of French eggs amounted to 9,000 cases, compared with a peak level of 40,000 cases earlier this year. However, many U.K. producers, who are still losing about 10p on every dozen eggs they produce, feel that even one case imported from France in present circumstances would be one too many.

The prospect of British beef being sold into intervention moved closer yesterday with a further fall in beef and cattle prices. Earlier this week, the U.K. Intervention Board confirmed that some meat traders had initiated contacts with it to find out how to sell home-produced beef into intervention and the continuing fall in prices is bound to make such sales a still more attractive proposition.

Rise in tin buffer stock holdings

By Our Commodities Staff

TIN BUFFER stock holdings rose to 2,893 tonnes at the end of March this year, compared with 142 tonnes at the end of December, the International Tin Council announced yesterday.

The increase came as no surprise to the market, since it was common knowledge that the buffer stock was supporting prices during that period. Of more interest is how much the buffer stock has had to buy subsequently, but up to date figures are seldom released by the Tin Council because of the possible impact on the market and dealings.

There was little movement in the metal markets yesterday, although copper lost some ground following the tentative settlement reached by International Nickel with workers at its Sudbury mines.

Reuter reports from New York that slab zinc stocks held by U.S. producers fell modestly in June as shipments exceeded the reduced smelter output.

The Zinc Institute Inc. said producers' stocks at the end of June amounted to 108,583 short tons at smelters and an estimated 19,594 tons in the pipeline. This compared with 115,959 and a final 17,324 tons respectively in May and 19,066 and a final 3,091 in June 1974.

LONDON METAL EXCHANGE

Improving the financial base

BY JOHN EDWARDS, COMMODITIES EDITOR

NEXT WEEK — on Wednesday morning—"ring dealing" members of the London Metal Exchange will meet to try to reach some decision on whether or not a clearing house system should be introduced to improve the financial stability of the most important metals market in the world. In fact there is no mention of a clearing house on the agenda of what is thought to be an unprecedented meeting confined only to "ring dealing" members of the Exchange called to discuss specific proposals put by the LME Board and committee. But although discussion on a clearing house might be ruled out of order, this is really the true purpose of the meeting.

Pressure for a clearing house system on the Metal Exchange has been building up steadily for years, as interest in the market has widened and the prices of metals traded — even at the present depressed level—have vastly increased the financial risks at stake every day in markets renowned for their volatility.

The collapse of the Metal Traders group first brought home to many people the lack of protection available, particularly to outsiders, and this has been emphasised later by the losses suffered from the bankruptcy of Aaron Ferer and the avoidance of similar problems only by discreet behind-the-scenes action that prevented them becoming publicly known.

As the volume of trading has increased, and the price risks multiplied, so demands have intensified for protective action to avoid the kind of financial disaster that could blow the Exchange sky high and cause chaos to world-wide metal pricing.

Metal Exchange values are used as the basis for pricing copper, lead and tin all over the world, with the exception of North America, and the Exchange also plays an important part in influencing zinc and silver prices. So the repercussions of any significant collapse on the Exchange would affect metal producers and consumers everywhere, including North America, as well as possibly losing the City of London an important source of influence and invisible earnings.

Potential risk

Frightened by the potential risk, the Bank of England, which is primarily responsible for the control of the London commodity markets, has been consistently urging the Metal Exchange to do something—preferably introduce a clearing house system as used by the other "soft" commodity markets.

However, the pressure for a clearing house has met with unyielding opposition from many, probably a majority, of "ring dealing" members and the Board and committee proposals appear to be a compromise that could well satisfy no-one.

There are two main proposals to be considered at Wednesday's meeting. The first is that each company should provide a parent company guarantee or other acceptable guarantee for a sum of £1m. in addition to the bank guarantee of £0.5m. already provided by each "ring dealing" member to the trustees of the Metal Exchange.

The second main proposal is that the Board of partners of each "ring dealing" member company should provide each quarter a certificate confirming that their dealings in the ring are in accordance with their policy and that all their positions on the Exchange open against clients' positions are adequately protected.

J. H. Rayner have already written to the LME committee pointing out that the Metal Exchange is the only international market without a proper clearing house system, and giving due warning that it will be rallying support from the several members known to favour a clearing house. They claim that the financial risks involved nowadays are simply too great, and that many companies are apprehensive about using the Exchange under present conditions.

In other words the gain in business would probably exceed any trade lost, especially in the long term. A clearing house would also enable formal trading for a longer period ahead to be introduced, without too much extra financial risk.

Opponents of the clearing house disagreed. They claim that the Exchange has worked well for a long time, continues to work well, and has provided the LME with its unique reputation that makes it the leading metal market in the world.

This second proposal is aimed at ensuring that directors or partners know, and take responsibility, for their company's dealings, while the proposal for an extra £1m. guarantee is an obvious extra precaution.

There is likely to be immediate opposition to both proposals. Certainly the initial reaction of several members was that the quarterly certificate proposal is simply not workable since no company could honestly guarantee that all clients' positions were adequately protected.

But the main criticism is likely to come from members, like J. H. Rayner (Mincing Lane)—a subsidiary of the international food group, S. and W. Berisford—which favours the introduction of a clearing house and claims that the present proposals will only, if anything, shore up an outdated and inefficient system.

Deposits

They claim that a clearing house would turn the present principals contract into a brokers contract, and reduce the Metal Exchange to the same level as any other futures market. Particularly it is feared that the prospect of having to pay clearing house deposits and margins will lose a lot of the trade business, on which the strength of the Exchange is built, and encourage instead the growth of unwanted speculative business.

A compromise arrangement could be a "netting off" scheme whereby member companies settle up any outstanding amounts with each other on a monthly basis, and there might also be a way of extending formal quotations for silver in particular to 13 months ahead, with a monthly settlement with the traditional daily trading being retained for the initial three months. However, supporters of a clearing house are unlikely to be satisfied with compromise arrangements bearing in mind the possibility of a price explosion next year.

Tentative pact at Canada nickel mines

By Our Commodities Editor

A TENTATIVE agreement on the terms of new labour contracts between International Nickel of Canada and the union representing some 15,000 workers at the Sudbury mines in Ontario was reached last night—one hour after the old contracts expired.

A strike, which was due to start at midnight if there was no settlement, has been postponed while members' ratification of the new contract is sought. Some workers stayed away, while others returning to work were reported to have been turned away by pickets.

No details of the proposed new contract have been released.

Potato supply crisis 'over the worst'

BY RICHARD MOONEY

THE WORST of the potato supply crisis is over, according to the National Federation of Fruit and Potato Trades. Mr. D. P. Mead, the Federation's chief executive, said that with supplies available for importing virtually used up, the potato trade was now "entirely dependent on English sources." A few Dutch and Greek potatoes were still being imported, he added.

But a drop in demand — perhaps resulting from consumer resistance to high prices — has made a slight easing in retail prices likely over the next few weeks.

A Potato Marketing Board (PMB) spokesman said last night that farm prices for potatoes had fallen to £150-£160 a ton, against £190 a week ago. This is equivalent to a cut of nearly 2p a-pound but it is difficult to estimate when this will work through to the retail level.

Recent dry weather has severely cut potato yields—last week's average yield was five tons an acre, against 7 tons at the same time last year—and harvesting is running well behind normal. By the end of last week the total amount lifted was just over 90,000 tons, some 30 per cent. behind last year's performance.

But much of the crop remains to be harvested and a wet spell could still lift yields significantly, though they are unlikely now to reach last year's peak of 9.5 tons an acre.

The PMB spokesman said that the drop in farm prices could be due to trade buyers holding off the market in the hope of falling prices following the recent rain. In normal circumstances, prices would have been falling fairly steeply throughout June and July and wholesalers and retailers are clearly worried at signs of consumer resistance to recent prices of over 14p a lb.

Delay expected in rubber talks

KUALA LUMPUR, July 10.

RUBBER PRODUCING countries are still trying to agree on a date for the next round of talks to draw up a draft natural rubber buffer stock agreement.

A meeting of experts originally scheduled for mid-July, will probably be delayed until the end of the month, or possibly until August, informed sources said.

The experts were given the task in May of drawing up a legal framework for a joint supply rationalisation scheme, including a 100,000 tonne stockpile. The first meeting of the group failed to draft an agreement in Jakarta last month.

Reuter

EEC meat output forecast

BY ROBIN REEVES

BRUSSELS, July 10.

TOTAL MEAT production in the European Community is forecast to rise by only 0.1 per cent. this year, to 20.266m. tonnes, according to figures just released by the EEC's Statistical Office. This compares with the total 1974 output of 20.255m. tonnes—itself a dramatic 7.6 per cent. increase over the previous year.

This year's production is forecast to consist of an increase in beef and veal output totalling 186,000 tonnes to 6.687m. tonnes offset by a decline in pork (down 170,000 to 8.2m. tonnes) sheepmeat and goat production (down 15,000 to 475,000 tonnes) and poultry (down 30,000 to 3.10m. tonnes).

The Statistical Office expects the position to be reversed, both next year and in 1977, with falling beef production for two successive years, while pigmeat, sheepmeat and poultry expand.

The latest figures for Community consumption relate to 1973 when average human consumption of meat in the Nine totalled 79 kilos per head. Pork was the favourite, accounting for 31.6 kilos of the total, followed by beef (24.4 kilos), poultry (11.8 kilos) and mutton and lamb (3 kilos). The corresponding degrees of EEC self-sufficiency in that year are calculated at 85.6 per cent. for mutton and lamb, and 103.6 per cent. for poultry.

New coffee talks group

THE WORKING group negotiating a new International Coffee Agreement (ICA) has set up an eight-man contact group, comprising four producer and four consumer representatives, in an effort to galvanise action between the two sides.

Informed sources said the group, to meet in strict privacy to-day, would be formed of representatives from Sweden, France, Britain and the U.S. on the consumer side and Brazil, Colombia and the Organisation of African and Malagasy Coffee Producers (Oamcaf) on the producer side.

A protracted wrangle has developed over which country should represent the "other milds" group as the fourth producer representative in the contact group.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Although a fair two-way business was reported, forward metal moved between £556 and £559 throughout the day. News that the International Nickel strike had been averted and the firmer tone of sterling lowered prices and the market failed to respond to the higher opening of Comex. Turnover 12,860 tonnes.

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £550.5, 50, 49.5, mid-July £552, three months £570, 70.5 to 69. Cathodes: cash £537, three months £555.5. Kerbs: Wirebars: three months £567, 67.5, 67. Afternoon: Wirebars: cash £548, 48.5, 49, three months £568, 67, 66, 67, 66, 67, 67.5. Cathodes: mid-July £537.5. Kerbs: Wirebars: cash £548.5, three months £567.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	549-.5	+.25	548.9	—4
3 months	568-.5	+.5	567-.5	—3.25
Settlem'nt	549.5		—	
Cathodes				
Cash	537-.5	—1.25	537-.5	—2.25
3 months	555-.5	—2	555-6	—2
Settlem'nt	537.5	—1.5	—	
U.S. Smt.	—		*60-65.7	

TIN—Turned upwards but ended below the day's highest. Prices were initially firmer reflecting the modest rise in the Penang coupled with hedge buying against outside physical demand. Some quarters also reported further buying and borrowing of cash metal again thought to have been on producer account. Forward metal traded up to £3,095 at one time but later eased to £3,085 owing to selling which included some on U.S. account. Turnover 895 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3082-3	+11.5	3085-6	+4.5
3 months	3090-2	+12	3087-8	+6.5
S'ment	3083	+11	—	
Standard				
Cash	3082-3	+11.5	3084-6	+5
3 months	3090-2	+12	3087-8	+6.5
S'ment	3083	+11	—	
Straits E.	$1,923¼	+5	—	
New York	—		*340.75	

Morning: Standard: cash £3,080, 82, 83, three months £3,090, 95, 90. High Grade untraded. Kerbs: Standard three months £3,090. Afternoon: Standard: three months £3,089. High Grade £3,085. Kerbs: Standard and High Grade untraded.

LEAD—Easier in quiet trading following the trend of copper. Turnover, including carries, 2,450 tonnes.

[illegible]

FREIGHTS

OIL TANKERS—Few fixtures, with the main interest shown in the inquiry by three charterers—two U.S. and one Scandinavian—for VLCC's, loading July, from Persian Gulf to west. There were also reports that some major oil companies were instructing their tankers to drop their current slow-steaming and to [illegible]

[illegible]

direct Tilbury. EEC milling July £58, Aug. £63.75 Sept. £64.25 East Coast.

Maize—No. 3 Yellow American/French July £57, Aug. £59.50, Sept. £60.50 transhipment East Coast. South African White Dent Aug. £66.00 seller Glasgow. South African Yellow Flint Aug. £65.00 seller Glasgow.

Barley—EEC feed July £54 West Coast. Rest unquoted.

LONDON GRAIN FUTURES MARKET [illegible]

COFFEE

[illegible]

SILVER

[illegible]

COCOA

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

WOOL FUTURES

quiet for nearly two months, and although the industry is reasonably active meeting a good call for deliveries, anxiety is steadily increasing as a stage is reached where order books are empty.

SYDNEY GREASY (in order buyer, seller, business)—July 244.0-44.5, 245.0-44.5; Oct. 250.5-50.9, —; Dec. 254.2-54.4, 254.5-54.2; March 257.6-58.0, 256.0-57.6; May 259.2-59.4, 259.5-59.3; July 261.5-62.0, 262.0-61.9; Oct. 262.1-62.5, 262.5-62.0; Dec. [illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

U.S. MERCURY MARKET

NEW YORK, July 10.

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	July 10 1975	+ or —	Month ago
Metals			
Aluminium (a)	£396		£396
Free Market cif	£505-515		£280-290
Copper			
Cash Wire Bars (w)	£548.5	—4.0	£512.5
3 month do. do. (w)	£567.25	—3.25	£531.25
[illegible]	[illegible]	[illegible]	£501.25
[illegible]	[illegible]	[illegible]	£520.5
[illegible]	[illegible]	[illegible]	$166
[illegible]	[illegible]	[illegible]	£156.75
[illegible]	[illegible]	[illegible]	£160.75
[illegible]	[illegible]	[illegible]	£1,877
[illegible]	[illegible]	[illegible]	$1.85-2.0
[illegible]	[illegible]	[illegible]	£67-71.5
[illegible]	[illegible]	[illegible]	£65-75
[illegible]	[illegible]	[illegible]	$127-132
[illegible]	[illegible]	[illegible]	195.95p
[illegible]	[illegible]	[illegible]	202.25p
[illegible]	[illegible]	[illegible]	£3,026
[illegible]	[illegible]	[illegible]	£3,058
[illegible]	[illegible]	[illegible]	£59.40.5
[illegible]	[illegible]	[illegible]	£330
[illegible]	[illegible]	[illegible]	£305.5
[illegible]	[illegible]	[illegible]	£560

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Soviet deal lifts wheat, soyabeans

NEW YORK, July 10.

SILVER closed lower on local selling while copper edged higher in generally featureless trading. Cocoa finished limit-up on bullish U.S. second quarter grind figures. Sugar advanced on commission house stop-loss buying. Chicago grains closed sharply higher in wheat and soyabeans on confirmation of Soviet grain purchases. Maize declined as new crop prospects remain bearish, Bache reports.

Cocoa—Ghana spot 71½ nom. (69½). Bahia spot 57½ nom. (55½). July 55.75 (52.60), Sept. 50.95 (49.95), Dec. 47.53, March 47.50, May 47.50, July 47.65, Sept. 47.75 nom. Sales: 1,677.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams 71.25-71.50 nom. (71.50 nom.). "C" Contract: July 51.75-52.05 (52.40), Sept. 54.05 (54.28), Nov. 55.05 nom., Dec. 55.10, March 5.80, May 6.15, July 56.55 nom. Sales: 230.

Copper—July 56.10 (55.50), Aug. 56.30 (56.00 settlements), Sept. 56.60, Dec. 58.40 settlements. Sales: 1,670.

Cotton—Oct. 45.11 (48.60), Dec. 48.55-48.60 (48.94), March 49.25, May 49.70-49.90, July 50.35-50.50. Oct. 50.60 bid, Dec. 50.50 bid. Sales: 1,250.

†Gold—July 164.50 (166.00), Aug. 165.30 (166.90), Sept. 166.70, Oct. 168.00, Dec. 170.70, Feb. 173.60, April 176.40, June 179.20, Aug. 182.00, Oct. 184.80. Sales: 2,323.

Greasewool—Spot 136.0 nom. (133.0 [illegible]

[illegible]

STOCK EXCHANGE REPORT

Gilt-edged bought but equities uncertain in front of anti-inflationary White Paper—Index down 3.2 at 324.4

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 30	July 10	July 11	July 22
July 14	July 24	July 25	Aug. 5
July 28	Aug. 7	Aug. 8	Aug. 19

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

British Funds enjoyed another firm session in stock markets yesterday. A good demand was seen, with the emphasis again centred on long-dated stocks where gains ranged to ⅞. Other rises extended to ⅝ and the Government Securities index closed with a further gain of 0.53 at 60.52, only 1.82 from the year's peak of 62.34 touched on March 20.

Leading Industrials drifted lower on scattered nervous selling pending publication of to-day's anti-inflationary White Paper. However, a minor technical rally towards the close left prices a few pence above the worst of the day. Down 4.8 at 2 p.m., the FT 30-share index finished a net 3.2 down at 324.4. Although not unexpected, news that just over 57 per cent. of BOC's "rights" issue had been left with underwriters did not help sentiment.

There was a further small expansion in trading — official markings of 5,865 compared with 5,117 on Wednesday and 4,792 on Tuesday—but the level of activity still left much to be desired. The few changes which occurred in second-line equities were mostly minor falls, although trading statements provided the odd bright spot. The FT-Actuaries All-share index eased 1.7 per cent. to 139.76.

Gilts surge on

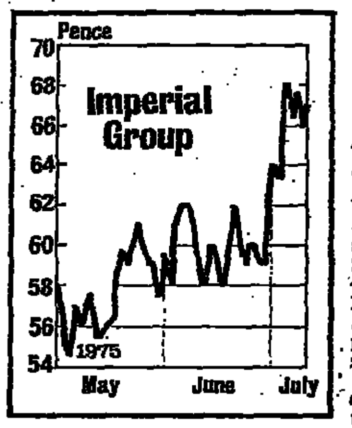
British Funds began very slowly with medium-longs holding overnight levels, but shorter-dated issues easing fractionally. Business improved gradually and by the afternoon all sectors were enjoying renewed strength with interest tilted in favour of the long end of the market where the £500m. tranche of Treasury 12¾ per cent., 1995, "tap" stock ran out after only three trading days. The absence of a long "tap" encouraged buyers who were also possibly heartened by hopes of a harsher anti-inflationary package than expected hitherto. The old long "tap" stock rose ⅞ further to 91⅜, making a rise of 2⅞ from last Thursday's issue price of 88½. Other gains also ranged to ⅞ in the longs, while the short-dated issues showed rises extending to ⅜.

An early recovery movement in the investment currency premium was reversed late on only a moderate volume of selling; after having risen to 92½ per cent., the premium fell to 88¼ per cent. before closing two points down on the day at 88¾ per cent. Yesterday's SE conversion factor was 0.6179 (0.6208).

Fresh rise in Phoenix

After Wednesday's Press-inspired gains to 7, Composite Insurances generally closed a shade off after a quieter trade. Phoenix, however, met fresh demand and rose 10 more to 206p, while "Royals" closed 2 firmer at 294p, after 290p. Life Offices were quiet and hardly altered. Legal and General were quoted ex "rights" at 122p, down 2½, with the new nil-paid at 20p premium. C. E. Heath gained 5 more at 227p in Lloyds brokers.

After staging an initial rally, Home Banks returned to a downward path before picking up near the close to finish modestly easier on balance after a thin business. Awaiting interim results due July 31, Barclays ended unchanged at 260p, after 265p, while Lloyds, with half-time figures expected on July 25, closed 3 off at 205p, after touching extremes of 212p and 202p. Similar net losses occurred in Midland, 255p, and in National Westminster, 225p. Bank of Ireland lost 10 to 460p, while Standard and Chartered Banking finished 5 off at 470p, after 465p. Australian issues showed renewed dullness, which took in losses of 10 and 5 respectively in Bank of New South Wales, 600p, and Commercial of Australia, 220p. Discount Houses were helped by the continuing firmness of gilt-edged; Alexanders, 210p, and Allen Harvey and Ross, 310p, both gained 10, while Cater Ryder put on 5 to 230p. Hire Purchases were barely changed, apart from an improvement of 2 to 20p in Sterling Credit. Among easier Merchant Banks, Hambros, 192p, gave up 5 more of the recent speculative advance. Slater Walker shed 4 to 70p and Hill Samuel Warrants 50 to 850p.



Breweries followed the general trend, losses of a few pence being pared by a penny at the close. Elsewhere, recent bid speculation died down in Amalgamated Distilled and the shares gave up 3 to 43p.

International Timber remained on offer in Buildings following Press comment on Wednesday's disappointing results, falling 4 further to 82p. London Brick shed 2 to 50p, while H. and R. Johnson-Richards Tiles, 110p, and Tarmac, 126p, gave up 4 and 5 respectively. Marley eased 3 to 78p. Cements also made a poor showing despite the proposed price increases, RMC shedding 2 at 57p and Rugby Portland 3 at 68p. G. H. Downing, however, closed 2 up at 114p following the results. Concrete, still reflecting trading news, picked up 2 more at 44p, while Hoveringham Gravel restricted voting hardened 1½ to 13½p following the chairman's remarks at the annual meeting.

After easing to 271p, ICI rallied to close unchanged on the day at 273p. Lankro Chemicals hardened to 90p on the dividend forecast which accompanied news of a share placing.

Vantona wanted

Leading Stores closed with small falls following a good business. Marks and Spencer were actively traded between 199p and 204p before finishing a penny easier on balance at 202p, while UDS, 85p, and Burton Group "A," 55p, gave up 2 apiece. "Gussies" "A" contrasted with a rise of 2 to 150p after having been down to 155p. Elsewhere, Vantona improved 5 to 44p in response to speculative support ahead of the offer terms from Spirella, a penny harder also at 44p. Wearwell moved up 2 to a 1975 peak of 38p on the preliminary results and scrip issue proposal, while Foster Bros. put on a similar amount at 51p in response to the chairman's comments on current trading. Mail Orders remained under a cloud, sentiment still unsettled by the proposed postal charge increases. Empire Stores, 96p, and Grattan Warehouses, 74p, lost 4 apiece.

Electrical leaders fluctuated narrowly in very slack trading; prices closed just a shade easier apart from Philips' Lamp, which continued to move mainly on the investment premium and added 12 at 735p. GEC recorded a loss of 2 at 129p, after 128p, while Plessey were unaltered at 75p, after 76p. With the exception of BSR, which retreated 6 to 70p, secondary issues also stayed close to overnight levels. Racal Electronic followed Wednesday's rise of 7 in a thin market with a fresh improvement to 307p, but later reacted to close unchanged on the day at 303p. Electronic Rentals hardened 2 to 45p and Stanwood Radio 1 to 18p.

Engineerings closed mixed, with the leaders often lower but above the worst of the day. GKN rallied from 226p to finish a net 4 down at 231p, while Tube Investments were similarly easier at 262p, after 260p. Secondary stocks to fall included John Brockhouse, 137p, and Anderson Strathclyde, 113p, both with losses of around 5. The slight reduction in the interim dividend put Cornercroft down to 25p for a loss of 2½, but RHP were 2 better at 64p on Press comment. SKF gaining control, after Thorn Industries had withdrawn its offer, made little difference in Sheffield Twist, already 2 higher at 94p, against the SKF bid of 95p. Demand in a thin market raised Record Ridgway 4½ to 30p and Rotork moved up 4 to 65p. News of the long-term aid in return for a majority Government stake helped Alfred Herbert harden to 5½p. Shipbuildings featured a rise of 2 to 8p in Harland and Wolff following the Government's decision to acquire the outstanding Ordinary and Preference: the latter fell 2 to 7½p.

Movements of any significance were few and far between in Foods. John Sainsbury, following adverse Press comment, gave up half of the previous day's rise of 6 at 147p. Falls of 5 were marked against Rowntree Mackintosh, 125p, and British Sugar, 355p, while Associated British Foods eased 2 to 38p. Watson and Philip made no apparent response to the interim report, closing unchanged at 64p. In Supermarkets, Tesco shaded 1½ to 41½p. Wheatsheaf Distribution held at 147p following news of the proposed £2.9m. "rights" issue.

J. Lyons "A" became an erratic market in Hotels and Caterers, falling to 132p before rallying to close 7 cheaper on balance at 143p. Grand Metropolitan eased 2 to 65p and Trust Houses Forte receded 4 to 102p.

J. Coral improve

Miscellaneous Industrial leaders provided weak spots in Metal Box, 13 down at 247p, Reed International 8 off at 220p, and Rank "A," 7 cheaper at 150p. Glaxo finished only 2 easier at 352p, after 345p; while Beecham, 291p, after 288p, and Boots, 207p, after 211p and 203p, were just a penny lower on balance. Elsewhere, the half-year advance in profits brought a rise of 6 to 103p in J. Coral, while in reflection of good preliminary statements, Airfix Non-voting gained 5 at 54p and Denbyware 7 at 100p. H. Brammer improved 7 to 86p and Rockware 3 to 57p. In contrast, National Carbonising were unsettled by the chairman's bearish statement with the full report and receded 5 to 48p, while lower half-year profits left Donald Macpherson 2½ off at 29p. Johnson Matthey, still on the chairman's profits warning, shed another 5 to 283p. De La Rue retreated 9 to 175p and Dunbee-Combex-Marx 4 to 99p.

Motors remained featureless with prices tending to ease slightly. ERF declined 3 to 30p on the lower profits and reduced dividend. Rolls-Royce shed 2 to 30p, while Dunlop lost a penny to 48p.

Daily Mail "A" warmed to last year's increased profits, rising to 166p before closing a net 7 higher at 165p, but after yesterday's late spurt on preliminary results above market expectations, Associated Newspapers eased 2 to 98p. Elsewhere, Thomson drifted back to 178p prior to ending only 2 down on balance at 180p.

Argyle Secs. firm

Leading Properties drifted down in idle trading, but turned a little firmer near the close. Land Securities were finally 3 off at 184p, after 182p, and MEPC just a penny cheaper at 113p, after 114p, while English Property shed 1½ to 59p. Against the general dullness of secondary issues, Argyle Securities improved to 49p before finishing 3 firmer at 47p in response to the £3.25m. sale of the company's Chiesmans Group of department stores to House of Fraser; the latter, however, receded 3 to 78p. The first-half loss and passed interim dividend depressed Samuel Properties, which sustained a fall of 4 at 20p, after touching 19p. McKay Securities, 75p, and Hammerson "A," 380p, lost 5 apiece, while declines of 3 occurred in Artagen, 69p, and Berkeley Hambro, 137p. Great Portland Estates ended 2 off at 218p, after 216p, and Peachey closed similarly easier at 25½p.

Oils made modest headway for a while but in the later morning business ran into a certain amount of profit-taking before steadying to close a shade easier on the day. British Petroleum fluctuated between 545p and 533p prior to ending a net 5 lower at 538p, while Shell were finally the turn cheaper at 315p after extremes of 318p and 311p. A similar pattern was adopted by secondary issues, Ultramar settling 2 lower at 194p, after having been 4 down or 2 higher at various stages during the day. Early investment dollar influences were largely responsible for a recovery in Royal Dutch, ¼ higher at £28.

Overseas Traders again failed to establish a decided trend. James Finlay made a firm showing at 136p, up 4, while Sena Sugar put on 1 to 16p, but Harrisons and Crosfield came back 13 to 937p and Anglo-Thai shed 3 to 115p.

London Australian and General featured Trusts and Financials with a jump of 7 to 38p on the agreed bid from Lonrho, which closed 8 cheaper at 125p. Edinburgh Industrial hardened 1½ to 15p, while Lampa Securities, 37p, and London European, 40p, put on 2 apiece. Caledonia picked up 3 more at 160p, but Bishopsgate Property were marked down 4 to 31p. Tribune Investment finished 5 off at 68½p following the interim figures. London Merchant were also on offer at 19p, down 2½.

Interest in Shippings subsided and shares closed little changed on the overnight levels. P and O Deferred were finally 2 off at 99p, after 97p, while Common Bros, 82p, and Felixstowe Dock, 72p, lost 3 apiece.

Under the lead of Courtaulds, 4 lower at 123p, Textiles gave up some ground. Bonas Webb rescinded Wednesday's gain of 3, at 24p and F. Miller were a like amount off at 36p. Coats Patons shed 1½ to 48½p.

Interim figures above market estimates brought a more settled trend in Imps, although the best level was not held; after touching 68½p immediately after the announcement, the price subsequently eased to close only a net 1 higher at 67p. In the general downturn, Bats fell to 318p before rallying to end virtually unchanged on the day at 323p.

Gold shares turned easier reflecting the setback in the bullion price. This followed news that Russia is negotiating to buy substantial tonnages of grain from the U.S. and possibly may have to sell gold on the free market to pay for it. The metal price ended the day $2 down at $164 per ounce and the Gold Mines index fell 8.7 to 372.1.

Marking down rather than heavy selling caused losses of up to £1 in Randfontein (£28½) and Western Deep (£29) while among the lower priced issues "Sallies" fell 40 to 520p and Grootvlei gave up 20 at 270p.

Financials mirrored the trend in Golds with "Amgold" giving up £1½ at £41½. Gold Fields lost 5 at 248p and UCI were 15 down at 410p.

An isolated firm spot was provided by New Witwatersrand which put on 30 to 380p, after touching a year's high of 395p on further consideration of the recent deal with "Johnnies" and Anglo-Vaal concerning the sale of mineral rights in the Roodepoort district.

Cape interest was reported in Platinums where Potgietersrust ended 7 to the good at 233p after 235p. In Diamonds, De Beers put on 4 at 312p following the better than expected first-half diamond sales figure.

Australians generally eased in line with home markets overnight although the uranium stocks provided a few firm features. Pancontinental rose 35 to a 1975 high of 480p while reflecting its stake therein Mid-East Minerals added 3 to 26p. Ocean Resources also rose 3 to 28p.

Poseidon gained 15 to 230p but Peko-Wallsend were that much easier at 305p. Tins and Coppers were again little tested as were the Irish-Canadian counters.

FINANCIAL TIMES STOCK INDICES

	July 10	July 9	July 8	July 7	July 4	July 3	A year ago
Government Secs.	60.52	59.92	59.35	59.28	59.33	58.79	55.3[illegible]
Fixed Interest	59.64	59.26	58.70	58.63	58.84	58.30	59.0[illegible]
Industrial Ordinary	324.4	327.6	326.4	317.2	323.3	308.1	250.[illegible]
Gold Mines	372.1	380.8	378.8	381.0	382.4	380.7	350.[illegible]
Ord. Div. Yld. %	6.25	6.20	6.22	6.38	6.28	6.38	7.9[illegible]
Earnings Yld. % (full)	18.49	18.34	18.40	18.90	18.57	19.35	20.[illegible]
P/E Ratio (net)	7.75	7.80	7.77	7.57	7.70	7.35	[illegible]
Dealings marked	5,865	5,117	4,792	4,933	5,175	5,840	5,38[illegible]
Equity turnover £m.	—	69.06	54.29	54.70	49.38	43.75	37.1[illegible]
Equity bargains total	—	14,689	12,697	11,651	12,808	13,048	9,30[illegible]

10 a.m. 326.3. 11 a.m. 326.2. Noon 324.4. 1 p.m. 324.2. 2 p.m. 322.8. 3 p.m. 324.6. Latest index [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. *Corrected.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/3)	50.65 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (c/3)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (7/2)	280.3 (2/1)	442.3 (22/2/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 10	July 9
Daily—		
Gilt-Edged	170.5	177.[illegible]
Industrials	196.4	184.[illegible]
Speculative	49.7	46.[illegible]
Totals	133.8	118.[illegible]
5-day Av'ge.		
Gilt-Edged	185.2	189.[illegible]
Industrials	168.8	167.7
Speculative	48.4	46.[illegible]
Totals	117.8	117.[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield % (Max.) (ACT at 35%) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Ex. Ratio (nil) Corp. Tax 52%	Wed. July 9 Index No.	Tuesday July 8 Index No.	Monday July 7 Index No.	Friday July 4 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (180)	119.21	−1.5	19.93	6.73	7.49	7.48	121.01	118.73	117.88	118.85	90.55	131.26	51.78	205.37	15.70
2 Building Materials (30)	101.59	−2.2	19.08	7.75	8.10	8.09	103.92	102.44	101.48	101.26	91.26	117.40	45.11	233.54	44.27
3 Contracting, Construction (23)	290.88	−1.2	16.86	4.18	8.89	8.89	223.65	218.55	217.97	217.98	149.79	231.61	74.74	389.33	71.48
4 Electricals (18)	224.86	−1.7	18.55	5.14	7.99	7.98	228.80	222.42	219.77	224.44	166.57	254.64	96.49	250.04	84.71
5 Engineering (Heavy) (13)	140.64	−1.5	24.88	7.54	6.12	6.12	143.50	139.60	138.59	139.81	101.65	159.79	64.39	202.57	64.39
6 Engineering (General) (65)	102.72	−1.2	21.29	7.91	6.91	6.90	105.96	102.36	101.85	102.84	74.31	117.40	45.45	168.59	45.43
7 Machine and Other Tools (10)	42.07	−0.1	19.44	8.61	7.78	7.78	42.11	41.67	41.49	41.51	33.22	48.55	20.11	128.70	19.96
8 Miscellaneous (23)	106.39	−0.9	23.49	7.22	6.56	6.55	109.32	108.03	107.83	107.84	81.69	121.76	49.65	177.66	49.65
9 CONSUMER GOODS (DURABLE) (58)	86.44	−1.4	20.33	7.06	7.34	7.32	87.69	85.71	85.09	85.63	75.50	93.15	38.39	227.78	38.39
10 Electronics, Radio TV etc. (15)	100.20	−1.9	20.04	5.19	7.27	7.26	102.15	100.52	99.09	100.42	90.57	105.34	44.99	257.41	42.85
11 Household Goods (15)	132.21	—	31.66	7.79	4.62	4.62	132.18	128.08	128.03	127.85	121.34	146.90	63.92	268.92	63.92
12 Motors and Distributors (28)	46.55	−1.5	15.97	9.55	10.02	9.95	47.15	45.78	45.81	45.76	39.05	50.91	19.91	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (166)	151.67	−2.3	15.58	6.52	9.30	9.25	154.79	152.09	150.83	152.16	97.90	146.45	61.98	208.08	61.41
14 Breweries (16)	152.10	−2.2	13.17	6.60	11.44	11.44	157.12	153.69	150.70	150.74	105.85	153.63	75.58	281.87	69.47
15 Wines and Spirits (8)	172.82	−2.9	13.03	5.44	11.52	11.52	177.94	174.53	170.62	172.23	126.48	177.94	80.42	257.40	78.88
16 Entertainment, Catering (16)	150.06	−2.5	14.77	7.41	10.09	10.09	153.98	150.37	148.43	150.09	104.92	153.98	55.28	328.32	54.83
17 Food Manufacturing (22)	144.15	−1.4	14.38	5.49	9.55	9.51	146.20	143.63	142.51	143.92	100.50	150.31	59.77	[illegible]	59.77
18 Food Retailing (16)	125.93	−2.6	12.60	5.08	11.67	11.57	129.32	126.50	124.50	126.33	86.55	149.17	57.16	233.03	54.25
19 Newspapers, Publishing (15)	152.86	+0.4	16.02	7.23	9.45	9.45	152.35	150.13	129.92	150.41	116.53	152.86	55.08	260.61	55.08
20 Packaging and Paper (13)	91.07	−2.1	26.32	8.01	5.57	5.56	92.99	91.63	91.81	91.93	71.70	107.12	43.46	133.69	43.46
21 Stores (30)	107.53	−3.0	13.26	6.03	11.39	11.39	110.81	108.31	106.03	109.20	82.87	132.94	52.63	204.37	52.63
22 Textiles (21)	124.03	−3.5	25.75	7.86	4.51	4.50	[illegible]	[illegible]	[illegible]	[illegible]	114.10	[illegible]	[illegible]	[illegible]	62.55
23 Tobacco (3)	192.75	−1.0	17.18	6.91	6.66	6.66	194.78	192.64	190.13	193.44	141.41	[illegible]	[illegible]	[illegible]	94.34
24 Toys and Games (6)	42.06	+1.3	31.11	8.55	4.41	4.41	41.51	40.49	39.36	40.19	35.97	44.08	20.92	135.72	20.92
OTHER GROUPS (92)															
25 Chemicals (24)	170.51	−1.0	20.44	5.31	7.01	7.01	172.19	168.56	165.87	167.79	122.09	189.17	73.14	201.98	71.20
26 Office Equipment (10)	86.56	−2.6	16.74	6.15	8.07	8.07	88.89	86.26	86.77	86.58	86.15	106.40	45.34	246.06	45.34
27 Shipping (12)	348.16	−2.3	24.59	5.90	5.34	5.07	356.23	344.43	336.88	339.28	294.61	401.84	194.38	517.20	90.80
28 Miscellaneous (46)	136.81	−1.7	19.62	7.22	7.45	7.45	139.11	135.88	133.12	135.48	109.62	155.56	63.39	[illegible]	[illegible]
29 INDUSTRIAL GROUP (496)	129.49	−1.9	17.95	6.39	8.06	8.04	131.95	129.18	127.89	129.09	99.03	145.43	59.19	220.17	59.01
30 OILS (4)	291.64	−0.7	25.23	5.20	4.25	3.95	293.63	291.83	281.58	289.34	186.38	296.47	105.85	431.66	87.23
31 500 SHARE INDEX	142.96	−1.7	19.08	6.20	7.06	6.92	145.40	142.69	140.70	142.41	106.48	156.14	63.49	227.95	63.49
32 FINANCIAL GROUP (100)	128.07	−2.1	—	5.64	—	—	130.83	128.37	126.64	127.94	99.98	148.45	55.50	241.41	55.88
33 Banks (6)	144.63	−1.0	25.69	5.45	5.80	5.80	146.11	146.67	147.11	150.36	125.88	177.11	62.56	398.32	62.44
34 Discount Houses (9)	151.66	+1.6	—	7.96	—	—	149.21	148.36	146.64	144.81	119.22	160.67	64.13	332.91	63.25
35 Hire Purchase (5)	87.88	−2.7	28.43	10.32	4.68	4.39	90.25	91.96	83.76	85.76	164.17	154.39	43.51	332.25	43.31
36 Insurance (Life) (9)	111.16	−3.5	—	6.16	—	—	115.19	110.93	109.37	108.73	80.07	127.97	44.88	[illegible]	[illegible]
37 Insurance (Composite) (7)	103.30	−2.4	—	7.40	—	—	105.72	101.72	99.71	100.80	76.64	118.55	43.96	[illegible]	[illegible]
38 Insurance (Brokers) (8)	201.45	+0.1	10.10	4.20	14.72	14.72	201.19	195.45	191.62	192.01	128.98	211.90	65.96	263.07	65.86
39 Merchant Banks (19)	82.83	−2.1	—	7.30	—	—	84.71	82.59	81.68	81.01	62.71	94.87	31.21	278.57	31.21
40 Property (32)	176.69	−3.3	4.36	3.45	33.63	32.45	182.81	176.49	176.39	178.80	115.98	241.22	[illegible]	[illegible]	[illegible]
41 Miscellaneous (5)	73.08	+0.9	15.48	9.08	9.62	9.42	72.40	70.60	71.00	71.00	74.50	78.78	[illegible]	[illegible]	[illegible]
42 Investment Trusts (50)	158.53	−0.1	3.20	4.41	31.26	31.26	158.75	156.69	155.69	156.71	106.68	178.55	73.45	246.79	[illegible]
44 ALL-SHARE INDEX (650)	139.76	−1.7	—	5.98	—	—	142.13	139.52	137.71	139.83	104.40	154.09	62.16	228.18	61.92

COMMODITY GROUPS (Not included in 500 or All-Share indices)

Group	Index No.	Day's Change %	Est. Earnings Yield %	Gross Div. Yield %	Est. P/E Ratio	Ex. Ratio	Wed. July 9	Tuesday July 8	Monday July 7	Friday July 4	Year ago	1975 High	1975 Low	Since Compilation High	Since Compilation Low
44 Rubbers (10)	437.01	—	12.99	7.53	11.19	11.11	437.04	432.61	428.30	427.56	517.03	525.43	261.66	695.37	94.68
45 Teas (10)	102.05	+0.1	35.55	10.09	3.92	3.75	101.95	101.31	101.31	100.75	88.91	102.05	76.76	121.47	59.72
46 Coppers (3)	378.83	−1.3	51.84	19.94	1.93	1.93	385.81	381.99	380.39	388.99	466.56	476.72	374.48	[illegible]	[illegible]
47 Mining Finance (11)	150.02	−1.0	9.89	4.07	11.66	11.62	151.51	150.82	152.53	152.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Tins (8)	97.19	—	10.49	8.53	12.38	10.54	97.19	97.43	98.55	98.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Overseas Traders (13)	219.55	−1.9	15.97	4.11	7.96	7.94	223.85	221.03	219.96	219.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST	Thurs. July 10 Index No.	Yield %	Wed. July 9	Tuesday July 8	Monday July 7	Friday July 4	Thurs. July 3	Wed. July 2	Tuesday July 1	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	13.91	14.10	14.00	14.29	14.26	14.48	14.48	14.56	15.20	—	—	—	—
2 20-yr. Govt. Stocks (6)	50.14	12.98	49.44	48.85	48.47	48.65	47.65	47.18	47.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 20-yr. Red. Deb. & Loans (15)	45.89	18.70	46.76	46.45	46.42	46.41	46.17	46.15	45.12	44.55	[illegible]	[illegible]	[illegible]	[illegible]
4 Investment Trusts Prefs. (15)	43.95	15.76	43.95	43.83	43.83	43.49	43.44	43.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Coml. and Indl. Prefs. (20)	63.57	14.95	63.00	61.59	61.36	61.24	60.63	61.10	60.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group, Base Date, Base Value: Overseas Traders 31/12/70; Engineering (Heavy) 31/12/71; Engineering (General) 31/12/71; Wines and Spirits 10/1/70; Toys and Games 16/1/70; Office Equipment 16/1/70; Industrial Group 31/12/70; Miscellaneous Financial; Food Manufacturing; Food Retailing; Insurance Brokers; Mining Finance; All Other [illegible]. † Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited. A list of the constituents of the FT-Actuaries Share Indices is obtainable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by inland post 18p. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Bowater 'New' ...	Nil/pd.	13	23*	−4	31*	7½*
Lloyds Bank	£1	11	205	−3	265	94
Midland Bank ...	£1	11	255	−3	305	122
Grand Met.	50p	10	65	−2	69	19½
Burmah Oil	£1	9	32	−1	100	27
Commercial Union	25p	9	158	−1	194	72
Courtaulds	25p	8	123	−4	140	53
Imperial Group ...	25p	8	67	+1	68½	32
Land Secs.	50p	8	184	−3	251	79½
Lyons (J.) 'A' ...	£1	8	143	−7	178	52
Redland 'New' ...	Nil/pd.	8	10½*	−1½	12*	8*
Cavenham	25p	7	132	—	148	39
EMI	50p	7	185	—	200	62
ICI	£1	7	273	—	302	118
Marks & Spencer	25p	7	202	−1	256	95

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (c).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 21	Oct. 8	Oct. 14
July 22	Aug. 4	Oct. 16	Oct. 28
Aug. 5	Aug. 19	Oct. 30	Nov. 11

"Calls" were dealt in Marks and Spencer, Town and City, Brooke Bond, Lonrho and Imperial Group. A "put" was done in Bowater, while a "double" was arranged in Spillers.

A.P. Cement	[illegible]	Grand Met.	[illegible]	Spillers	[illegible]	Mines	
Assoc. Leisure	[illegible]	G.U.S. 'A'	[illegible]	Tesco	[illegible]	Anglo Amer.	50
Barclays Bank	[illegible]	Guardian	[illegible]	Thorn 'A'	[illegible]	[illegible]	75
Beecham	[illegible]	G.K.N.	[illegible]	Tube Invest.	[illegible]	Charter Cons.	[illegible]
Boots Drug	[illegible]	Hawker Sidd.	[illegible]	Unilever	[illegible]	Charter'h'll Fin.	[illegible]
Bowater	[illegible]	House of Fraser	[illegible]	Utd. Drapery	[illegible]	Cons. Gold	[illegible]
B.A.T.	[illegible]	Hudson Bay	[illegible]	Vickers	[illegible]	De Beers Dfd.	[illegible]
Brown (J.)	[illegible]	I.C.I.	[illegible]	Woolworths	[illegible]	P. S. Geduld	350
Burton 'A'	[illegible]	Imps	[illegible]	Property		Great Boulder	[illegible]
British Leyland	[illegible]	I.C.L.	[illegible]	Brit. Land	[illegible]	Hampton Areas	[illegible]
British Oxygen	[illegible]	Invergordon	[illegible]	Cap. Counties	[illegible]	Hampton Prop.	[illegible]
Cadburys	[illegible]	Legal & General	[illegible]	E.P.C.	[illegible]	Kloof	[illegible]
Courtaulds	[illegible]	Lex Service	[illegible]	Intereurope	[illegible]	Lorraine	[illegible]
Debenhams	[illegible]	Lloyds Bank	[illegible]	Land Secs.	[illegible]	Metals Explor.	[illegible]
Distillers	[illegible]	Lonrho	[illegible]	MEPC	[illegible]	Pancontinental	[illegible]
Dunlop	[illegible]	Lucas Inds.	[illegible]	Peachey	[illegible]	Poseidon	[illegible]
Eagle Star	[illegible]	Lyons 'A'	[illegible]	Samuel Props.	[illegible]	Pres. Brand	[illegible]
E.M.I.	20	P & O Dfd.	16	Town & Comm.	7	Pres. Steyn	275
First National	5	Plessey	10	Oils		Rio T. Zinc	20
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	46	Welkom	65
Gen. Accident	16	Bank Org. 'A'	25	Burmah Oil	6	West Areas	75
Gen. Electric	14	Reed Int'l.	28	Shell	30	Western M'ng.	15
Glaxo	40			Ultramar	21	Zambia Copp	10

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (27)

BRITISH FUNDS (4)
Savings 3pc '65-75; Transport 4pc '72-77; Treasury 6½pc '76; Treasury 2½pc

CORPORATIONS (6)
Bristol 6½pc '75-77; Lond. Corp. 6½pc 1975-78; Essex 5½pc '7577; Newcastle 9½pc 1978-80; Do. 9½pc 1984-85; G.L.C. 6¼pc 1976

COM'WEALTH & AFRICAN LOANS (1)
Australia 6pc '74-76

AMERICANS (2)
Bell & Howell; Rexnord

DRAPERY & STORES (1)
Wearwell

ELECTRICALS (2)
Dreamland; Robinson Rentals

ENGINEERING (3)
Braithwaite; Record Ridgeway; Mitchell Somers

INDUSTRIALS (3)
Brammer (H.); Pitney Bowes; Denbyware

TEXTILES (1)
Bond St. Fabrics

TRUSTS (1)
London Euro. Group

OILS (1)
Texaco 4¾pc Conv.

MINES (2)
New Wits.; Pancontinental

NEW LOWS (5)

CANADIANS (1)
Bell Canada

ENGINEERING (1)
Walmsley Bury

INDUSTRIALS (1)
Utd. Industrial

MINES (2)
Berak Tin; Tongkah Harbour

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	79	162	373
Oils	8	10	13
Plantation	5	4	39
Mines	13	64	76
Recent Issues	5	24	45
Totals	428	679	1,[illegible]

BASE LENDING RATES

A.F.X. International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	10 %
Banco de Jerez	10½%
Bank of Cyprus	10 %
Banque du Rhone S.A.	10½%
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	9½%
Cayzer, Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
C. E. Coates	10½%
Consolidated Credits	10 %
Continental Trust Bk.	9½%
Co-operative Bank	9½%
Copleys Bank	10 %
Corinthian Securities	10 %
Credit Lyonnais	9½%
G. R. Dawes	10 %
Duboff Brothers	10 %
Duncan Lawrie	10 %
English Transcont.	11 %
First London Secs.	10 %
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	10 %
Grindlays Bank	9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Hawtin & Partners	11 %
■ Hill Samuel	10 %
C. Hoare & Co.	9½%
Julian S. Hodge	10 %
Industrial Bank of Scot.	10 %
Keyser Ullmann	10 %
Kinghurst Securities	[illegible]
Knowsley & Co. Ltd.	[illegible]
Lloyds Bank	9½%
London & European	10 %
London Mercantile	10 %
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
National Westminster	9½%
Northern Comm. Trust	10 %
Norwich General Trust	10 %
Portman Guaranty	10 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Trust Co. Canada	9½%
Schlesinger Limited	10 %
E. S. Schwab	10 %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard & Chartered	9½%
Sterling Credit	10 %
Stewart Salmon & Co.	10 %
Thames Guaranty	10 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11 %
United Bank of Kuwait	9½%
Wallace Brothers Bank	10 %
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.

• 7-day deposits [illegible]

† 7-day deposits on sums of £10,000 and under [illegible] over £25,000 [illegible]

‡ Deposit Rate [illegible]

§ Demand deposits [illegible]

CORAL INDEX
Close 322-327

I.G. INDEX
GOLD 163-166

INSURANCE BASE RATES

† Atlantic Assurance [illegible]

Cannon Assurance [illegible]

MONEY MARKET

Official gilt-sales cut credit

Bank of England Minimum Lending Rate 10 per cent. (since May 2, 1975)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities followed the moderate sales of bills made the previous day (to absorb surplus funds) with large purchases of Treasury bills from the Discount houses. It seemed that the official help was broadly sufficient to bring the banks in general to around their target balances. Early expectations were of a more severe shortage than that which appeared, with the relationship between Government disbursements and revenue transfers to the Exchequer ending at a level more favourable to the market than that looked for at the start. Banks had carried over a surplus from Wednesday, and there was a fall in the note circulation, in addition to Government disbursements. The market, however, faced a net take-up of Treasury bills, the monetary authorities held local government bonds, and there were unusually large gilt-edged settlements adverse to the market.

Short-term fixed-period rates in the various sectors showed some reductions. The one-month sterling certificate yield was a little easier, at 9$\frac{7}{16}$-9⅛ per cent., against the previous 9⅜-9$\frac{5}{16}$ per cent., but the three-month was unchanged, at 9$\frac{11}{16}$-9$\frac{9}{16}$ per cent., though the one-year softened to 10⅝-10⅜ per cent., from 10$\frac{13}{16}$-10$\frac{11}{16}$ per cent.

Discount houses bid up to 9-9¼ per cent. for secured call loans in the earlier part, but found late balances at 5-8 per cent. In the inter-bank market, overnight loans were in a range of about 5-9½ per cent.

Rates in the table below are nominal in some cases.

July 10 1975	Sterling Certificates of deposits	Interbank	Local Authority deposit§	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	5-9½	8¾-9¼	—	—	9¾-10	5-9¼	—	—	—
2 days notice	—	—	8⅝-8¾	—	—	—	—	—	—	—
†7 days or 7 days notice	—	8¾-9¼	8⅞-9	—	—	—	—	—	—	—
One month	9$\frac{7}{16}$-9⅛	9⅛-9⅜	9-9¼	10-9½	9¾	—	9-9¼	—	—	—
Two months	9½-9⅜	9⅜-9$\frac{7}{16}$	—	10-9½	10	—	9-9⅛	9$\frac{7}{16}$-9⅜	9⅝-9$\frac{7}{16}$	9¾-10¼
Three months	9$\frac{11}{16}$-9$\frac{9}{16}$	9$\frac{9}{16}$-9¾	9⅞	10-9½	10¼	—	9⅛-9¼	9$\frac{7}{16}$	9⅝-9$\frac{11}{16}$	10-10¼
Six months	10-9⅞	9⅞-10	10	10-9⅞	—	—	9⅜	9$\frac{11}{16}$-9$\frac{9}{16}$	9⅝-9$\frac{11}{16}$	10-10¼
Nine months	10⅛-10$\frac{1}{16}$	10$\frac{1}{16}$-10½	—	10⅞-10¼	—	—	—	—	9⅞-10	10⅝-11⅛
One year	10⅝-10⅜	10⅝-10¾	11$\frac{1}{16}$-11⅝	11¼-10¾	—	—	—	—	—	—
Two years	12⅛-11⅞	11⅞-12⅛	12¾	—	—	—	—	—	—	—

* Local Authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ф Bank bill rates in table are buying rates for prime paper. [illegible]

Finance House Base Rate (published by the Finance Houses Association) [illegible] per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Banks Base Rate for lending [illegible] per cent. Treasury Bills: Average tender rate of discount [illegible] per cent.

AUTHORISED UNIT TRUSTS

The British Life Office Ltd.♥ (a)

Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	37.6	39.2	-0.7	5.52
BL Balanced*	28.3	30.0	.....	4.98
BL Capital*	29.7	31.4	.....	9.63
BL Dividend*	25.9	27.4	.....	10.12

*Prices on July 9. Next dealing July 16.

G. & A. Un. Tst. Mgrs. Ltd.♥ (a)(b)

5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	22.3	23.8	-0.2	5.49

Gartmore Fund Managers♥

2, St. Mary Axe, EC3A 8BP. 01-283 3531

British Trust	31.8	34.2	-0.3	4.52
High Income Tst.	28.2	30.3	-0.1	12.15
(Z)Overseas Tst.	25.3	27.2	-0.2	1.64

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	34	......	Gardner (L.)	68	......	Shiloh Spinn.	23	......
Ash Spinning	37	......	Graig Ship. £1	430	......	Sindall (Wm.)	43	......
Bertam	18	......	Hallam Sleigh 10p	8	......			
Brady (G.) 'A'	47	......	Higsons Brew	83	......	IRISH		
Bdg'wtr. Est. 50p	£125	......	I.O.M. Stm. £1	120	......			
Clover Croft	35	......	*Holt (Jos) 25p*	180	......	*Alliance Gas (£1)*	50	......
Craig & Rose £1	310	......	Kleen-e-Ze	25	......	Carroll (P. J.)	189	......
Dundee Ice £1	290	......	Lovell's Ship £1	125	......	Clondalkin	49	+3
Dyson (R.A.)	30	......	N'thn. Goldsmith	32	......	Concrete Prods.	55	......
Ellis & McHdy.	57	......	P.M.A.	35	......	Goodbody (£1)	38	......
Evans Fr'k. 10p.	36	+2	Pearce (C. H.)	68	......	Heiton (Hldgs.)	30	......
Evered	16	-2	Peel Mills	16	......	Irish Distillers	62	+3
Fife Forge	47	......	Richards 10p	8	......	Irish Wire	40	+1
Finlay Pkg. 5p.	16	......	RobbCaledon 5p.	32	......	Jacob	50	......
Frost & Reed 50p.	88	......	Sayers 12½p	7	......	Sunbeam	11	......
Gardiner & Sons	11½	......	Sheff. Refrshmt.	145	......	Unidare	64	......

FOOD PRICE MOVEMENTS

	July 10 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	820	820	820
British A.1. per ton†	815	815	815
Irish Special per ton†	815	815	815
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton¶	815	815	815
BUTTER *(packet)*			
NZ per 20 lb†	7.09- 7.15	6.99- 7.15	—
English per cwt†	41.14-41.16	41.14-41.16	41.14-41.15
Danish salted per cwt†	42.10-42.30	42.0 -42.5	42.10-42.50
CHEESE§			
English cheddar white rindless 40-lb per cwt	—	—	43.15
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	1.55- 1.70	1.40- 1.55	2.30- 2.40
Large	*2.50- 2.65*	*2.50- 2.60*	*2.90- 3.00*

	July 10 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scotch killed sides ex KKCF	30.0—34.0	32.0—36.0	34.0—38.0
Eire forequarters	16.0—15.0	18.0—20.0	22.0—24.0
Argentine chilled rumps	—	—	—
LAMB			
English	26.0—30.0	30.0—32.0	30.0—36.0
NZ 2s-Ds	30.0—30.5	30.0—31.0	30.0—31.0
PORK (all weights)	25.0—32.0	25.0—32.0	24.0—34.5
MUTTON			
English ewes	12.0—13.0	12.0—13.0	10.0—11.0
POULTRY			
Broiler chickens	25.0—27.0	24.0—27.5	24.0—26.5

*London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ¶ For delivery July 22-29. ** FMC prices.

CONFERENCE

PUBLIC NOTICES

Local Authority Bills for 91 days were issued as follows during week commencing 7th July 1975

Date Issue	Authority	Amount Issued	Average Rate	Total Applications	Amount Outstanding
7/7/75	Clwyd	£1m	9[illegible]	£4.5m	£2.6m
10/7/75	Gloucestershire	£1m	9[illegible]	£5m	[illegible]
7/7/75	Gateshead	£2m	9[illegible]	£7m	£2m

BUCKINGHAMSHIRE COUNTY COUNCIL

The Buckinghamshire County Council issued on 10th July, 1975 £6m. Bills to 9th October, 1975.

Applications totalled £29.65m. £1m. of the issue was made at 9 35/64% and the remainder at 9[illegible]%.

There are no other Bills outstanding.

COMPANY NOTICES

SANDVIK A.B. $15,000,000 9% BONDS DUE 1986

PLANT & MACHINERY

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1975 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 7/16	90¼	Savings 3pc '65-75‡‡	99 1/16	+1/16	—	8.88
99⅝	94 3/32	Exch 6½pc 1976‡‡	98½	+1/16	6.60	8.87
97¼	92 1/16	Treasury 6½pc 1976‡‡	97¾xd	+⅛	6.65	8.71
99	97	Victory 4pc 1976‡‡	99xd	.....	4.08	—
102	96⅞	Treasury 10⅛pc 1976‡‡	100 7/16	+¼	10.45	10.13
95	88⅞	Treasury 6¼pc 1977‡‡	94 7/16	+¼	6.62	9.91
94⅛	86¼	Electric 3pc 74-77	94⅛	+⅛	3.19	6.66
103 1/16	96⅞	Treasury 11½pc '77‡‡	101¾	+⅛	11.30	10.53
88 1/2	84	Treasury 3pc '77‡‡	88	.....	3.41	8.75
90⅜	84⅛	Transport 4pc '72-77	90⅜xd	+¼	4.43	8.43
96 11/16	90½	Treasury 9pc 1978‡‡	95 1/16	+1/16	9.36	11.09
100 7/16	96⅝	Treasury 10½pc '78‡‡	98½xd	+⅛	10.66	11.10
87¾	79	Exchequer 5pc '76-78‡‡	85⅞	+⅛	5.82	10.25
103	94 1/16	Treasury 11½pc '79‡‡	100½	+¼	11.44	11.30
79⅜	71⅜	Treasury 3pc '79‡‡	78⅜	.....	3.83	9.35
81	73⅞	Electric 4¼pc 74-79	80¼	+1/16	5.30	10.11
100 1/16	96	Treasury 10½pc '79‡‡	97½	+1/16	10.77	11.21
79⅜	71	Electric 3½pc '76-79	79	+⅛	4.43	9.49
95	84	Treasury 9pc 1980‡‡	92⅝	+⅛	9.72	11.05
95 1/16	94⅞	Treasury 9½pc '80‡‡	95	+1/16	10.00	10.85
79	68¼	Treasury 3½pc '77-80	76¾	+¼	4.56	9.50
84½	71	Funding 5¼pc '78-80‡‡	80¾xd	+¼	6.50	10.32
		Five to Fifteen Years				
75½	66⅛	Treasury 3½pc '79-81	74⅞	+⅝	4.65	9.27
91⅛	72⅝	Do 8½pc '80-82‡‡	87xd	+⅝	9.76	11.35
104⅞	86⅝	Treasury 12pc 1983‡‡	103⅞	+⅝	11.99	11.97
78	58	Funding 5½pc '82-84‡‡	73½xd	+¾	7.48	10.22
85¼	61⅛	Treasury 8¼pc '84-86‡‡	81xd	+¾	10.50	11.60
73¼	51⅜	Funding 6½pc '85-87‡‡	70⅛	+¼	9.44	11.34
76¼	53	Treasury 7¾pc '85-88‡‡	71½xd	+¾	10.85	12.26
46¼	32⅞	Transport 3pc '78-88	46¼	+¼	6.50	10.81
55¼	39¾	Treasury 5pc '86-89	54⅝	+¾	9.36	11.83
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90‡‡	70⅛	+¾	11.86	12.89
55¼	41⅜	Funding 5¾pc '87-91‡‡	[illegible]	+¾	10.73	12.58
[illegible]						

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 62% (based on $2.2000 per £)

CANADIANS

[illegible]

S.E. List Premium 62% (based on $2.2050 per £)
Conversion factor 0.6173 (0.6208)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£14¼	780	Durban Deep R1	£10¾xd	......	‡Q110c	φ	‡
£14	860	E. Rand Prp. R1	£10¼xd	−¼	‡Q115c	φ	‡
105	55	Rand Leases 2½c	60	......	—	—	—
£34½	£22	Randf'in Est. R2	£28½	−1	—	—	—
500	260	West Rand R1	370	−10	‡Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
370	235	Bracken R1	300	−5	†Q51c	1.1	10.7
23	13	Daggafontein 50c	17	......	—	—	—
105	60	East Dag. R1	75	......	‡Q25c	φ	‡
140	140	Cent. Areas 5c	140s	......	—	—	—
380	210	Grootvlei 30c	270xd	−20	‡Q32c	1.1	‡
820	410	Kinross R1	725	−15	†Q50e	1.5	4.3
198	107	Leslie 80c	128	−4	†Q22c	1.6	10.6
550	325	Marievale 70c	375xd	−15	‡Q84c	1.1	‡
725	380	S. African Ld. 35c	520xd	−40	‡Q85c	1.2	‡
265	175	Vlakfontein R1	195xd	−5	Q35c	1.3	11.6
£13¾	840	Winkelhaak R1	£11¼	−⅝	†Q94c	1.2	7.8
120	65	Wit. Nigel 25c	88	−2	Q1c	10.9	0.7

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£12	680	Blyvoor 25	890	−20	Q100c	φ	7.0
£21½	£17	Buffels R1	£20	−½	Q180c	φ	5.6
430	293	Deelkraal R0.20	385	−10	—	—	—
£14¼	920	Doornfontein R1	£12xd	−½	Q110c	φ	5.8
£12¾	725	East Drie R1	£10½xd	−⅛	Q65c	φ	3.9
£12½	725	Do. Cons. Units	£12	......	—	—	—
450	295	Elsburg R1	385	−10	Q45½c	—	7.4
£31	£16	Hartebeest R1	£27xd	......	Q215c	φ	5.0
£13¾	815	Kloof Gold R1	£11¼xd	−⅛	Q55c	φ	3.1
£17¾	875	Libanon R1	£12¾xd	−¼	Q110c	φ	5.6
£13¾	960	Southvaal 50c	£10⅞	−⅛	Q9c	φ	0.5
480	340	Stilfontein 50c	380	−10	‡Q65c	1.3	‡
£33¾	£21	Vaal Reefs 50c	£29½xd	−½	‡Q220c	1.7	‡
£11½	650	Venterspost R1	960	−25	Q70c	φ	4.6
£55	£34	W. Drie R1	£45xd	−1	Q485c	φ	6.7
745	450	W'st'rn Areas R1	590xd	−20	†Q70c	1.4	7.5
£23	£15	Western Deep R2	£20xd	−1	‡Q160c	φ	5.0

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
8	5	Burma Mines 17½p	8	......	m0.5	—	1.7
65	27	Charterhall 5p	61½	+½	—	—	—
115	75	Colby Mines $1	75¢	......	—	—	—
760	360	Cons. Murch. 10c	680xd	......	‡Q130c	2.2	‡
53½	29½	Laurasia	38½	+1	—	—	—
19	13	NRD $1	13	......	—	—	—
375	200	Northgate C$1	290	......	Q65c	1.0	9.7
211	80	R.T.Z.	191	+4	19.9	4.4	4.0
135	47½	Sabina Inds. C$1	80	......	—	—	—
76	51	Stanford Mines $	76	......	—	—	—
£12½	875	Tara Expln. $1	£10⅝	+⅛	—	—	—
75	38	Yukon Cons C$1	60	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ø Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES

Friday July 11 1975

American Motors to buy Audi engines

BY GUY DE JONQUIERES NEW YORK, July 10.

AMERICAN Motors Corp. is to buy lightweight four-cylinder engines from Volkswagen and ultimately plans to produce them on a line in the United States.

The agreement, which follows several months of negotiations, is believed to be the first of its kind between two unaffiliated motor companies in the U.S. and Europe, although other Detroit manufacturers have imported engines and other components produced by their European subsidiaries for use in models assembled in the U.S.

The engine purchase plan appears to have no direct connection with the exploratory talks which VW has been holding—chiefly with Chrysler—on the possibility of either acquiring a U.S. plant or entering a joint production arrangement to assemble Volkswagens in the U.S.

AMC said that the engines it will buy are advanced water-cooled Audi overhead-camshaft units of 1,984 cc. They are the latest design to be brought out by VW and only went into production last May at the company's Salzgitter plant in West Germany. It was not immediately clear whether they are already being fitted to Audis assembled in West Germany.

Fuel economy

American Motors said the engines would "eventually" be produced in the U.S. and built on an engine line bought in part from VW. It is not known whether the engines are designed to meet Federal emission standards, and AMC presumably wants to test them during a trial period before committing itself to U.S. production.

AMC flatly refused to disclose any details about the delivery schedule planned for the engines, the possible start-up date of U.S. production or the total value of the planned deal. It would not say either if it planned to fit the engines to existing models or future ones.

The company, which has no four-cylinder engines of its own, noted that the Audi unit has "excellent" fuel economy. Since the negotiations with VW began, there has been speculation that a German-designed four-cylinder engine might be fitted to AMC's sub-compact Hornet and Gremlin cars. But it is doubted whether the Audi engine would be sufficiently powerful for use in the company's widely-publicised new Pacer model.

Volkswagen of America said in a statement that it is pleased to have been chosen by AMC to help meet its future energy conservation goals and added that the arrangement has advantages for both companies.

O'Connell remanded for trial on July 25

BY GILES MERRITT

THE CAPTURED leader of the Provisional IRA, David O'Connell, has been remanded for trial on July 25 following a brief, five-minute appearance before the three judges presiding over the Special Criminal Court in Dublin.

O'Connell—arrested early yesterday evening in a swoop by Irish Special Branch detectives in the Dublin suburb of Coolock—was expected to stand trial this afernoon on a charge of belonging to an illegal organisation, but in court, the State prosecution requested additional time and said it intended to produce two witnesses.

At the hearing, O'Connell issued a defiant statement calling on the court to "get done with this charade of a political trial as quickly as possible," but fears of an immediate end to the Provisional IRA cease-fire as a consequence of his surprise arrest subsided to-day as the Provos adopted a wait-and-see attitude.

Two of O'Connell's senior colleagues at the head of the IRA Provisionals, co-vice president, Mrs. Maire Drumm, and Sinn Fein national organiser, Mr. Brendan McGill, commented outside the court that the arrest was an "act of treachery" but did not confirm the threat issued earlier to-day by an unidentified Provo leader of reprisals inside the Republic and the breakdown of the cease-fire.

Provisional IRA chief of staff O'Connell this afternoon surprised some observers in court by his apparently tacit recognition of the Special Criminal Court, which was set up to deal specifically with terrorist activities.

There is considerable speculation here over the exact circumsances of O'Connell's arrest. During the 155 days of the present IRA cease-fire it has been assumed that official concern to safeguard the truce has tended to guarantee the continued liberty of wanted Provo leaders.

Press reports here, however, are now suggesting that his arrest was ordered personally by Prime Minister Liam Cosgrave after consultation with Mr. Merlyn Rees, the British Northern Ireland Secretary.

Northern Ireland reactions to O'Connell's detention have been mixed. A spokesman for the "Loyalist" Vanguard movement said he hoped O'Connell's arrest "heralded a clamp-down on the Provisional IRA in the South."

The para-military Ulster Defence Association, however, took a very different line and stated: "we would rather see O'Connell free than have someone like Seamus Twomey take over."

For one result of O'Connell's capture has been the expectation here that Twomey, who made a spectacular helicopter escape from Mountjoy Prison in 1973, will now take over as chief of staff and impose his own far less moderate tactics on the Provisional IRA.

Richard Evans, Parliamentary Correspondent, writes: The Northern Ireland Office last night flatly rejected reports that Mr. David O'Connell, the Provisional IRA leader, had been arrested at the behest of Mr. Merlyn Rees.

In a Commons statement on violence in Northern Ireland, Mr. Rees said that, between January 1 and July 10 this year, 64 people had been charged with murder, 60 with attempted murder and 233 with firearms offences.

Parliament, Page 11

Ford and Brezhnev may meet

By Malcolm Rutherford

GENEVA, July 11.

PRESIDENT FORD and Mr. Leonid Brezhnev, the Soviet party leader, are likely to hold a special meeting on the side lines of the European Security Conference in Helsinki around the end of this month in an attempt to remove the obstacles to a second Strategic Arms Limitation agreement (SALT 2).

This became clear as Dr. Henry Kissinger, the U.S. Secretary of State, arrived here to-day for talks with Mr. Andrei Gromyko, the Soviet Foreign Minister. These talks will be dominated by the difficulties in the SALT negotiations even more than by the Middle East situation.

Political

Dr. Kissinger is understood to believe, however, that the key Soviet decisions on SALT cannot be taken by Mr. Gromyko himself. Hence the need for an early Ford-Brezhnev summit which will probably take the political decision as to whether a second SALT agreement is posposible. It would be left to the experts to tie up details.

The SALT negotiations resumed here at official level early this month, but there are three major problems in the following declining order of importance: the question of verification, whether or not to include cruise missiles and whether the Soviet "Backfire" bomber should be counted as a strategic weapon.

The verification question has arisen because it is impossible to identify by satellite whether an intercontinental ballistic missile (ICBM) on the firing station has one or more warheads.

Ceiling

In Vladivostok last November President Ford agreed on a ceiling of 2,400 strategic weapons for each side, of which up to 1,320 could have multiple warheads. Since then, however, the Russians have been testing their SS-18 ICBM with both single and multiple warheads. There is therefore deadlock about how the SS-18s should be counted—whether inside or outside the 1,320 limit.

There is thought to be no possibility of the Russians agreeing to on-site inspection. Cruise missiles, which form the second major problem, can be fired either from a ship or an aircraft and are an area in which the Americans have a technological lead. The Russians are pressing hard to include aircraft carrying such missiles within the 1,320 limit.

Senator claims proof of Soviet grain overture

BY ADRIAN DICKS WASHINGTON, July 10.

SENATOR Henry Jackson, one of the leading contenders for the 1976 Democratic Presidential nomination, added to-day to the mounting excitement here over possible large new Soviet grain purchases, when he said he had proof that U.S. exporters had been negotiating with Russian officials.

The Senator added, however, that his investigators had confirmed that no sales have yet been concluded—bearing out yesterday's comment by the Secretary of Agriculture, Mr. Earl Butz, that the reports of Soviet buying were "more than just rumours," but less than firm deals.

Experienced grain market observers in Chicago had no independent information, but commented that it would be surprising if the Soviet Union were not at least talking to U.S. and Canadian suppliers. The U.S. Department of Agriculture published a new forecast of the Soviet grain crop yesterday, once again revising the total downwards by some 5.5m. tons to a new level of 214.5m. tons. This is almost 10 per cent. below its original forecast.

In early dealings on the Chicago Board of Trade, wheat futures once again advanced by about 10 cents a bushel, reflecting the continued expectation that the Russians will be in the market this year even if they are not already. But there was little sign to-day of "sympathetic" buying of other grain contracts, as happened on Tuesday. A rise in soya beans was put down by dealers to technical factors.

Some confirmation of whether the Soviet Union has yet concluded purchase contracts was expected later to-day when the Agriculture Department was to publish its regular weekly export sales report. As a result of the furore here that followed the Soviet Union's huge secret purchases in 1971-72, exporters are required to notify the Agriculture Department within 24 hours of any sale of 100,000 tons or more.

Official and private observers here were extremely cautious to-day in attempting to gauge the extent of possible Soviet buying, especially in the absence of firm information on how much Moscow may have bought elsewhere.

Our Commodities Editor writes: There was little reaction in London grain markets to the confirmation of recent reports that the Soviet Union was negotiating to buy large quantities of U.S. grain. The markets, both in London and Chicago, had to a large extent already moved up in anticipation of the Russian purchases.

At the same time EEC grain prices are above world market levels at present, so a rise in U.S. wheat would only mean a reduction in the import levies at this stage. There is still a surplus of wheat in the Community, but prospects for the forthcoming harvest — especially in Britain — have been worsened by the recent long, dry spell. Yesterday it was forecast that the U.K. grain crop could be the worst since 1970.

Editorial Comment, Page 18

Vantona Board split by Spirella bid

BY MARGARET REID

A BOARDROOM split has developed at Vantona, the sheet and pillowcase manufacturer, over a £5m. takeover bid from Spirella Group which, if successful, would create a group with yearly sales of some £70m. ranking as Britain's third largest maker of household textiles.

The offer, worth 48p a share, is opposed by Mr. Herbert Pilkington, who became chairman last August in succession to Mr. Basil Glass—now president, but not a director—and by Mr. Clifford Rothera.

Their view has prevailed as that of the Board, against the contrary opinion of the other two directors—who back the bid—because of Mr. Pilkington's casting vote as chairman. Last night the Board, advised by merchant bankers Samuel Montagu, said it did not regard the bid as advantageous to shareholders, who would be advised to reject it.

On the other hand, Dr. John Blackburn, the managing director, and Mr. John Morris, advised by Hambros Bank—formerly the Vantona advisers—favour the bid, as does Mr. Glass. Together, these three hold some 11 per cent. of the shares, and have agreed to accept.

Both Vantona, whose sales in the past year were £41m., while pre-tax profits fell to £2.5m., from £3.6m., and Spirella, a specialist in towel production, whose 1973-74 sales were £29m., are leading suppliers to Marks and Spencer.

It is thought that their combined businesses account for between 20 per cent. and 25 per cent. of total production of household textiles and that together they would be next in size after the industry's largest two groups — Courtaulds and Carrington Viyella.

The view of Spirella, whose chairman is Mr. James Spooner and some 55 per cent. of whose capital is controlled by Mr. Davoud Alliance and Mr. Jack Henaged, is that there would be much industrial logic in linking the two groups. Spirella, advised by N. M. Rothschild and Sons, is not thought to consider that any monopoly objection could arise to the deal, although the bid is subject to not being referred to the Monopolies Commission.

Rothschilds told the Vantona directors and their advisers two days ago that Spirella would make the offer if all or any of the Vantona directors recommended it by 3 p.m. yesterday. It is thought that talks about a get-together began some months ago.

Spirella is offering, for every three Vantona shares, one of its own (last night quoted at 44p, up 1p) plus either £1 in cash or £1 nominal of a new 14 per cent. Convertible Unsecured Loan stock 1990. These terms would give Vantona holders up to 48.6 per cent. of the combined equity capital.

The present view of the Vantona Board, represented by the directors opposed to the offer (who have 14½ per cent. of the shares), is understood to be that though there may be some industrial logic in a link-up, the matter needs further investigation and that the terms are inadequate. Last night Vantona shares were 5p up at 44p.

THE LEX COLUMN

Imperial begins to recover

Index fell 3.2 to 324.4

The recovery in Imperial Group's profits has come earlier than seemed likely in March when the group was talking merely about "not unfavourable" first half results. In the event, the pre-tax total is £7.4m. higher at £52.5m. with the bulk of the advance coming from the tobacco division. The latter's pre-interest profits are £12.5m. up at £45.6m. though about a third of the increase has been swallowed up by higher finance charges. Price increases now seem to be coming through reasonably smoothly, while volume also rebounded during the November-April half from the setback following the spring 1974 duty increases.

Elsewhere, the food division's profits are £1.6m. down at £4.6m. because of the problems of the fishing industry but the sharp turnround this year in poultry should mean a profit for the division of several millions in the second half, compared with only £800,000 in 1973-74. Similarly, the brewing side—£1.3m. ahead at the interim stage against a period affected by labour troubles—is currently benefiting from an increased market share and better volume in the good summer weather.

The first half advance does not necessarily imply any significant uprating of earlier forecasts since profits may partly have been brought forward from the second six months. There was a considerable stocking-up of tobacco ahead of the anticipated duty increases in the April budget, which was followed by an immediate fall in cigarette consumption of 15 per cent.

Interest charges are also likely to be well up: by shortening credit terms the group has reduced much of the impact on working capital of the duty rise, but group borrowings for the year could still be about £30m. higher. The sale of part of the BAT stake — bringing in £58.5m. net of tax — does not affect published debt since the proceeds have been reinvested in gilts. The higher returns here should ensure at least maintained overall investment income, more than offsetting the sale of £20m. of investments last year. So the hope is presumably for pre-tax profits of £90m. to £95m. against £73.5m. to underpin the relatively firm share price performance of the last few weeks and a yield of 10.2 per cent. at 67p.

See also Page 21

BOC rights

With only 43 per cent. of the rights taken up the BOC issue has flopped even more drastically than expected. But this certainly does not amount to a serious threat to the wave of rights issues—which now total almost £800m. since February. Indeed, some of the underwriters may reflect that it is a good thing for underwriting risks to be made plain from time to time (though not, of course, too often). Moreover the problems of the BOC issue and one or two others have led to a significant widening of the issue discount from 19 per cent. for BOC to some 25 per cent. on recent offers.

Several other issues this year have suffered a fairly large "stick"—it was 30 per cent. for Unigate, for instance—but previously it has been possible to place the shares at some sort of premium. In this case, however, the stick was 57 per cent. and the total value of the shares involved was £13.5m., which made any placing a daunting exercise, and quite impossible when the market began to fade on Wednesday afternoon. These placings are all-or-nothing affairs, for the buyers must be assured that all the shares will go into firm hands. Now BOC's price could be in for a sticky few weeks as the underwriters reshuffle their holdings. But it was unchanged at 46½p last night.

John Brown

Following the traumas at CJB, John Brown's borrowings have risen by £8m. to £21m., of which over £14m. is short term. This still represents less than two-fifths of capital employed, and the group also has its holding in Westland which is currently worth about £5m. But the real problems stem from John Brown's long record of low profitability: more often than not, it has returned less than 10 per cent. on capital employed over the past decade. Even in the good years, its cash flow has tended to run behind capital investment, and of course spending is now being cut to a minimum.

CJB is not going to make profits this year, and order books generally are less buoyant than they were. At least the recession will ease the balance-sheet pressures. But the group, which is currently capitalised at just £9m., plainly has to think of ways of financing the next upturn.

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Spirella/Vantona

Spirella's bid for Vantona comes after something like [illegible] years of discussion between the two companies—but that still leaves the Vantona four-man Board split right down the middle. The group's assenting directors (together with the president who intends to accept) own roughly 11 per cent. of Vantona, while the dissenting pair control about [illegible] per cent.

The offer—in equity and cash with a convertible alternative—is open to almost any number of interpretations. On one of them, it provides Vantona with roughly a quarter of the enlarged equity in return for rather more than a 50 per cent contribution to combined historic profits before tax; this allows for financing costs of the £3.47m. cash that Spirella is putting up. But Vantona's profits were complicated by exceptional debits of £1.1m. below the line in 1974-75. At the same time if Vantona shareholders were to take up Spirella's convertible rather than its cash, their equity stake in the enlarged company would be nearly 49 per cent.—post conversion.

Before the new Spirella was capitalised at £4¼m. against £4.1m. for Vantona, and this makes it difficult to accept that Vantona is suddenly worth £5m. by these terms. After all, the combined debt of the two companies allowing for the cash/convertible element come to £12m.

Company profits

Ahead of the White Paper there are indications that profit margins are not recovering quite as fast as some have been assuming. Revised GDP figures for the first quarter show the gross trading profits of companies net of stock appreciation have been recalculated 5 per cent. lower at £1.34bn. That is now slightly less than in the fourth quarter of 1974, after seasonal adjustment. Elsewhere the personal savings ratio eased a little in January-March, but remained very high at 12.6 per cent.

SKF wins control of Sheffield Twist Drill

BY DAVID BELL

SKF, the Swedish engineering company, announced last night that, as expected, it has won control of Sheffield Twist Drill and Steel and now has more than 54 per cent. of the Sheffield company's equity.

The announcement followed Wednesday's decision by Thorn Electrical Industries to drop its bid for Sheffield Twist and sell its 15 per cent. stake to SKF at 95p a share. Last night Thorn Ordinary and "A" shares closed at 166p, down 2p and Sheffield Twist closed at 94p, up 2.

Hill Samuel, which has been advising SKF, will be posting a document containing the increased offer as soon as possible. Many small shareholders have already accepted it and a number of institutions are expected to do so very shortly. More than 50 per cent. of Sheffield Twist's shares were held by institutions at the time of the bid.

SKF's success has been welcomed by the Sheffield Twist unions, whose support for the SKF bid has had a large influence on its decision to raise its bid. A number of working groups made up of SKF and Sheffield Twist management will now consider the future structure of the Sheffield company which becomes part of the largest high-speed cutting tool group in Europe.

Workers' Role in Takeovers, Page 17

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Cabinet agrees to reserve powers

Opposition is likely to take a critical line.

It will certainly oppose a flat rate increase of £6 on the ground that this would inevitably lead to a "dam-busting" situation by the end of the year. There would be enormous pressures to restore lost differentials.

In contrast, a limit of 10 per cent. would, in the Opposition's view, lead to fewer tensions.

The most probable Conservative decision will be against support of the package because it will not contain a pledge to withdraw nationalisation proposals, and because there will be insufficient further cuts in public spending.

This would enable the Opposition to table its own reasoned amendment but to abstain on the Government's package, thus ensuring that the package went through the Commons while exposing the divisions within the Labour Party.

Any attempt by the Government's business managers to hold the White Paper debate at the same time as the second reading on the legislation will be strenuously opposed by the Opposition.

Elinor Goodman writes: The £6 flat rate on wage increases could cripple the retail industry if it became the norm and lead to up to 200,000 redundancies, the Retail Consortium said yesterday in a last-minute bid to prevent the TUC proposal becoming Government policy.

Speaking only two hours before he was due to see the Chancellor for a final meeting, Lord Redmayne, the consortium's chairman, called on the Government to limit wage increases in the retail sector to under 15 per cent. and to impose strict controls on public services.

The £6 flat cash increase, he said, would add up to 24 per cent. to current retail wage rates and wipe out much of what little profit remains in the retail industry. It would, he stressed, "leave little room for manoeuvre on price cutting."

Issuing what he described as an "indirect threat" to the Government, he said that unless the consortium's proposals were met, his members would find "great difficulty in continuing with its policy of co-operating with Government in its counter-inflation measures."

British Midland £4m. air orders

DESPITE A recession in the home market, British Midland Airways, based at the East Midlands airport, has arranged to keep its entire fleet of 17 aircraft flying for the remainder of the year by offering "an instant airline service" to Middle Eastern countries.

The contracts, worth nearly £4m., according to the managing director Mr. Michael Bishop, involve the provision of aircraft, crews and maintenance and ground support.

Other contracts have been signed or are being negotiated with East African Airways as well as with Zambia, the Sudan and an oil-producing Arab country.

Weather

U.K. TO-DAY

AS A DEPRESSION near western Scotland moves slowly North, England will have sunny intervals with scattered showers. Western areas will be cloudy with outbreaks of rain, and eastern areas will be rather cloudy, with showers.

London, S.E. England, E. Anglia, Southern England, the Midlands, Channel Isles, and Northern England

Sunny intervals, scattered showers. Wind S.W., light or moderate. Max. 22C (72F).

S.W. England and Wales

Cloudy with outbreaks of rain and sunny intervals later. Wind westerly, moderate. Max. 20C (68F).

Lake District, N.E. England, Borders, Edinburgh, Dundee, Aberdeen and Central Highlands

Rather cloudy with showers and a few bright intervals. Moderate southerly wind. Max. 18C (64F).

S.W. Scotland, Argyll, N.W. Scotland, N. Ireland

Cloudy with outbreaks of rain. Wind light or moderate. Max. 17C (63F).

Orkney and Shetland

Rather cloudy with showers. Max. 15C (59F).

Outlook: Sunny periods and showers, mainly in the North, but generally warm.

Lighting-up: London 21.46, Manchester 22.05, Glasgow 22.18, Belfast 22.17.

Pollen count: London—21, low. Forecast similar.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	F	29	84	Luxembg.	C	22	72
Amsterdm.	C	20	68	Madrid	S	30	86
Athens	S	34	93	Manchstr.	C	18	64
Bahrain	S	36	97	Melbourne	C	11	52
Barcelona	S	27	81	Milan	S	31	88
Belfast	C	20	68	Montreal	S	23	73
Belgrade	S	28	82	Moscow	S	16	61
Berlin	S	28	82	Munich	S	23	73
Birmghm	C	19	66	Newcastle	C	19	66
Bristol	C	20	68	New York	C	25	77
Brussels	S	21	70	Oslo	S	28	82
Budapest	S	28	82	Paris	F	24	75
B. Aires	C	14	57	Perth	R	14	57
Cairo	S	32	90	Prague	Th.	21	70
Cardiff	C	20	68	Reykjavik	S	11	52
Cologne	F	24	75	Rio de J'o	S	22	72
Copnhagn.	S	21	70	Rome	S	28	82
Dublin	C	18	64	Singapore	S	31	88
Edinb'gh	R	15	59	Stockholm	S	23	74
Frankfurt	S	26	79	Strasbourg	F	24	75
Geneva	S	26	79	Sydney	F	13	55
Glasgow	R	14	57	Tehran	S	40	104
Helsinki	S	23	73	Tokyo	R	24	75
H. Kong	S	31	88	Toronto	S	21	70
Jo'burg	S	15	59	Vienna	F	25	77
Lisbon	S	24	75	Warsaw	S	29	84
London	C	20	68	Zurich	S	25	77

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	24	75	Jersey	F	20	68
Algiers	S	29	84	Las Plms.	S	24	75
Biarritz	S	22	72	Locarno	F	27	81
Blackpool	C	18	64	Majorca	S	27	81
Bordeaux	C	24	75	Malaga	S	25	77
Boulogne	F	16	61	Malta	S	27	81
Casablnca	S	22	72	Nairobi	S	23	73
Cape Tn.	S	20	68	Naples	S	31	88
Corfu	S	30	86	Nice	S	26	79
Dubrovnik	S	30	86	Nicosia	S	27	81
Faro	S	24	75	Oporto	S	21	70
Florence	S	31	88	Rhodes	S	31	88
Funchal	S	23	73	Salzburg	R	18	64
Gibraltar	S	26	79	Tangier	S	24	75
Guernsey	F	22	72	Tenerife	F	19	66
Innsbruck	S	23	73	Tunis	F	28	82
Inverness	R	15	59	Valencia	S	27	81
I. of Man	C	14	57	Venice	S	29	84
Istanbul	F	26	79				

S—Sunny, F—Fair, C—Cloudy, R—Rain, Th.—Thunder.

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